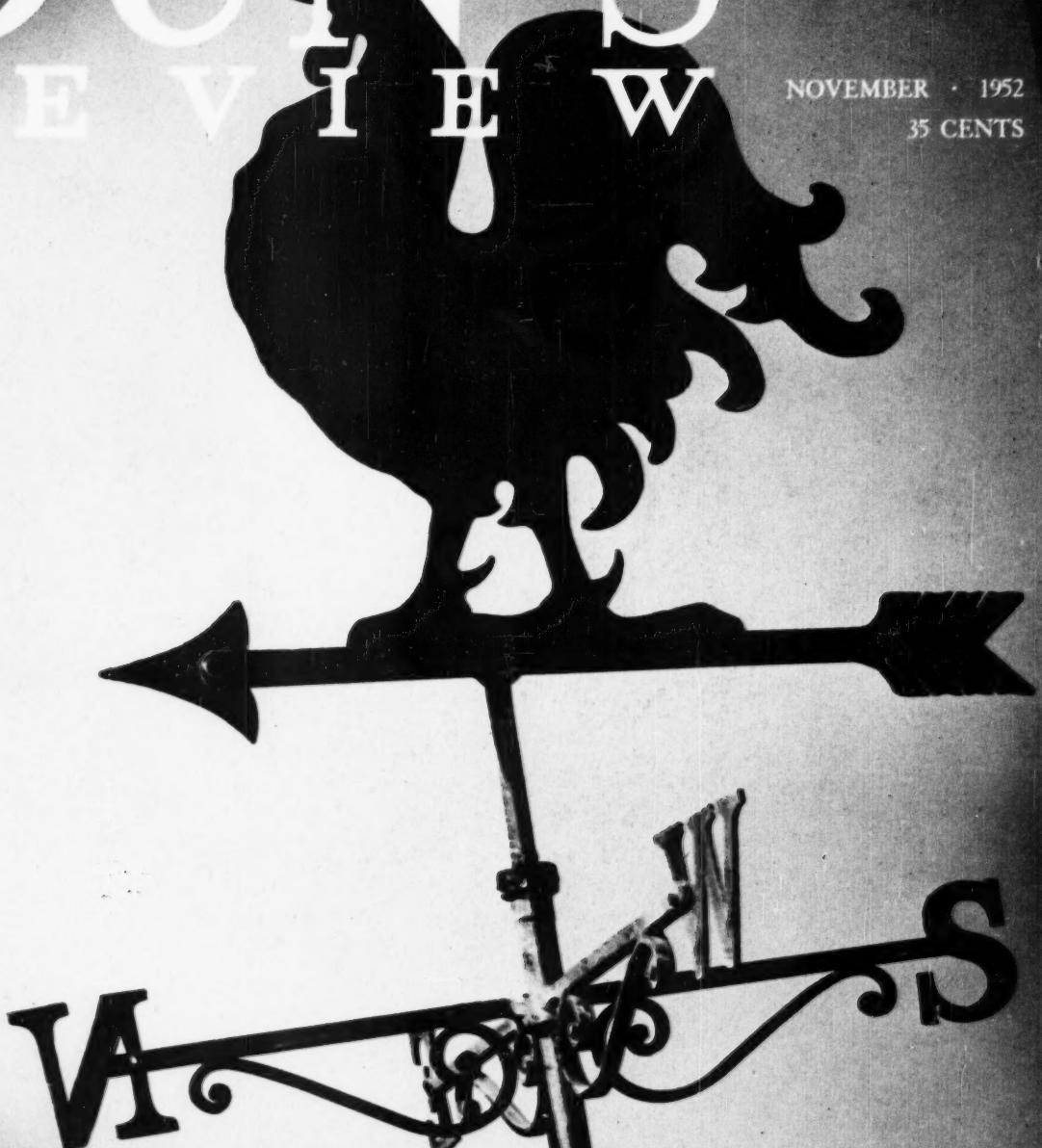
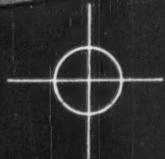


DUN'S REVIEW

NOVEMBER · 1952
35 CENTS



INCLUDING



Compass Points
OF BUSINESS

Published by DUN & BRADSTREET, INC.

BUSINESS IN MOTION

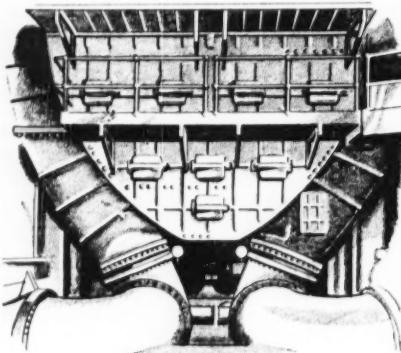
To our Colleagues in American Business ...

Everyone who has to deal with water and steam is concerned with the reduction of corrosion. Power plants, for example, spend large sums annually to treat boiler feed water, and condenser operation is watched carefully. Because of this, the Revere Research Department over a long period of years has studied intensively the causes of corrosion, and how corrosion can be reduced, as it usually can.

Recently the Revere Research Department was asked to investigate the failure of Admiralty metal tubes after some five years of use in a condenser. The user felt such tubes should last longer under average conditions. Samples from failed tubes were sent to the laboratory, and subjected to physical, metallurgical, chemical and microscopic tests. It was found that the outer surfaces were pitted, thinned, grooved and cracked. In some places corrosion had completely destroyed the tube wall. Inside, there was but little pitting of the underlying metal. Thus, it was evident that the destructive process took place on the outside, or steam side of the tube.

The chemical analysis of the outside scale was evidence that the excessive corrosion was due to carbon dioxide and other non-condensable gases carried along with the steam. It is not unusual to have these and other corrodents present in damaging amounts in the air-ejector system, whereas they are not injurious elsewhere.

Photomicrographs were then taken of sections through the cracks. It was found that the cracks originated in corrosion pits on the outside of the tube, and progressed inward. In doing so they broke across the grains of the metal rather than following the



grain boundaries. This transgranular pattern showed that the pits created stress-concentration points of weakness. Other characteristics of the microstructure confirmed that failure was due to a combination of corrosion and fatigue. The conclusion was, of course, that not only were there corrodents in the steam, but that in addition the tubes were subject to vibration.

Given these facts, the remedies were not difficult. The copper-base tube alloy that generally possesses the greatest resistance to the non-condensable gases responsible for such corrosion is 5% aluminum

bronze. This is somewhat more expensive per pound than Admiralty metal, but in this case when balanced against the expected extension of life, the ultimate cost became favorable. It was also recommended that steps be taken to reduce tube vibration materially by installing a baffle in the steam inlet. Finally, it was pointed out that many operators find it good practice to discharge the after-condenser drain to the sewer, instead of returning it to the system, thus substantially reducing the amount of carbon dioxide, ammonia and other corrodents in the system.

This report provides a typical example of the thoroughness with which the Revere Research Department attacks the problems that are brought to it. If you have questions concerning the selection, fabrication, or service of Revere Metals, get in touch with the nearest Revere Sales Office, through which the experience of our Technical Advisors, and if necessary, of Research, can be made available to you. And do not forget that other suppliers to industries of all kinds also operate laboratories upon whose knowledge you can call. It will pay you to do so.

REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

Executive Offices: 230 Park Avenue, New York 17, N. Y.

SEE REVERE'S "MEET THE PRESS" ON NBC TELEVISION EVERY SUNDAY

Now, 2-Way Radio gives you

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WHERE IT COUNTS!**



Motorola industrial radio saves thousands of dollars annually for more and more progressive companies

Just push a button and *talk* to a man—wherever he is, whatever he's doing. Two-way radio puts *instant contact* at your finger-tips. For routine decisions or split-second action, you get on-the-spot reports, send orders with lightning speed. Two-way radio co-ordinates operations . . . moves men and materials swiftly . . . boosts *productive man-hours*. Motorola radio reaches every part of your plant, keeps you in touch with truck drivers, crane operators, remote work crews—men "on the move" anywhere. And every Motorola installation is backed by 24 years of pioneering experience in 2-way radio—your guarantee of top performance and obsolescence-proof design. Write today for full details of the money-saving job Motorola radio can do for you.

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Motorola Microwave carries voice communication and control functions on thousand-mile, point-to-point relay networks. Motorola leads (2¹/₂ to 1) in miles of industrial microwave installed and operating.

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Some Major Companies Saving Time and Money With Motorola Communication Equipment

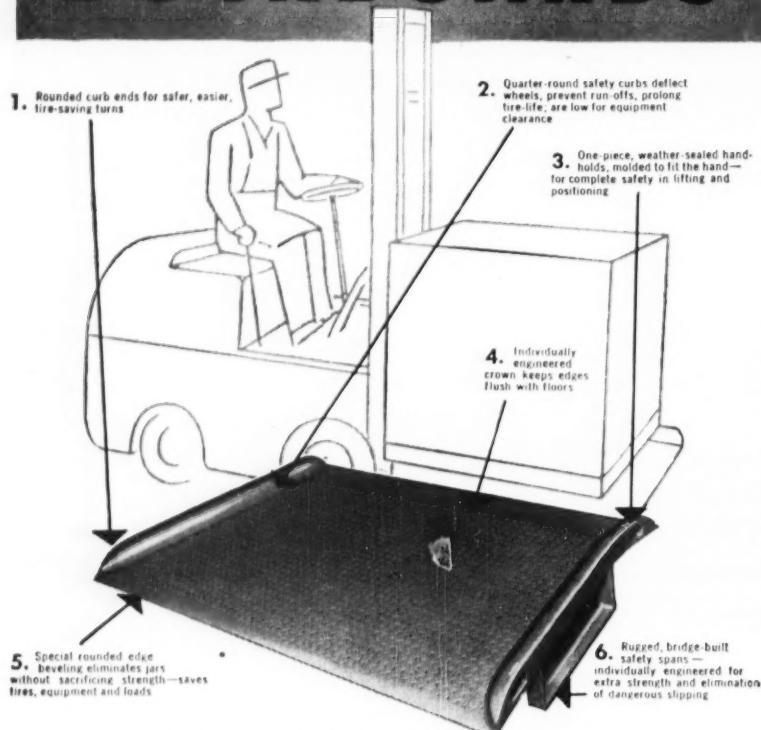
Allis-Chalmers
Thompson Products, Inc.
Johnson and Johnson
Eastman Kodak
Timken
Kaiser Steel Corp.
American Bridge Co.
Kellogg Company
Gardner-Denver
Pennsylvania RR.
New York Central RR.
Public Service Co.
of Northern Ill.
Missouri Pacific RR.

Rock Island RR.
Sinclair Oil Company
Texas Illinois Natural Gas Co.
Southern California Gas Co.
Shell Oil Company
Southern Pacific RR.
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Write today for literature showing why many leading companies standardize on Magcoa Dockboards for freight car and truck loading, how they benefit . . . and how you can, too. At the same time, ask for new literature showing how Magcoa's magnesium fabricating experience and facilities can help you improve your products through use of light-weight, heavy-duty magnesium. Use the handy coupon.

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LOS ANGELES 34,
8925 Wilshire Blvd.
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MAGNESIUM COMPANY OF AMERICA, East Chicago 9, Ind.

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Dockboard Bulletin

Fabrication Folder

Name _____ Title _____

Company _____

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City _____ Zone _____ State _____

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A NEW STANDARD FOR
SKILL AND PRECISION IN THE MANUFACTURE OF

Engine components FOR JET AIRCRAFT

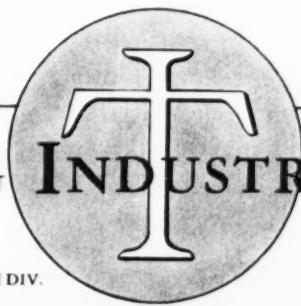
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- Combustion Chambers
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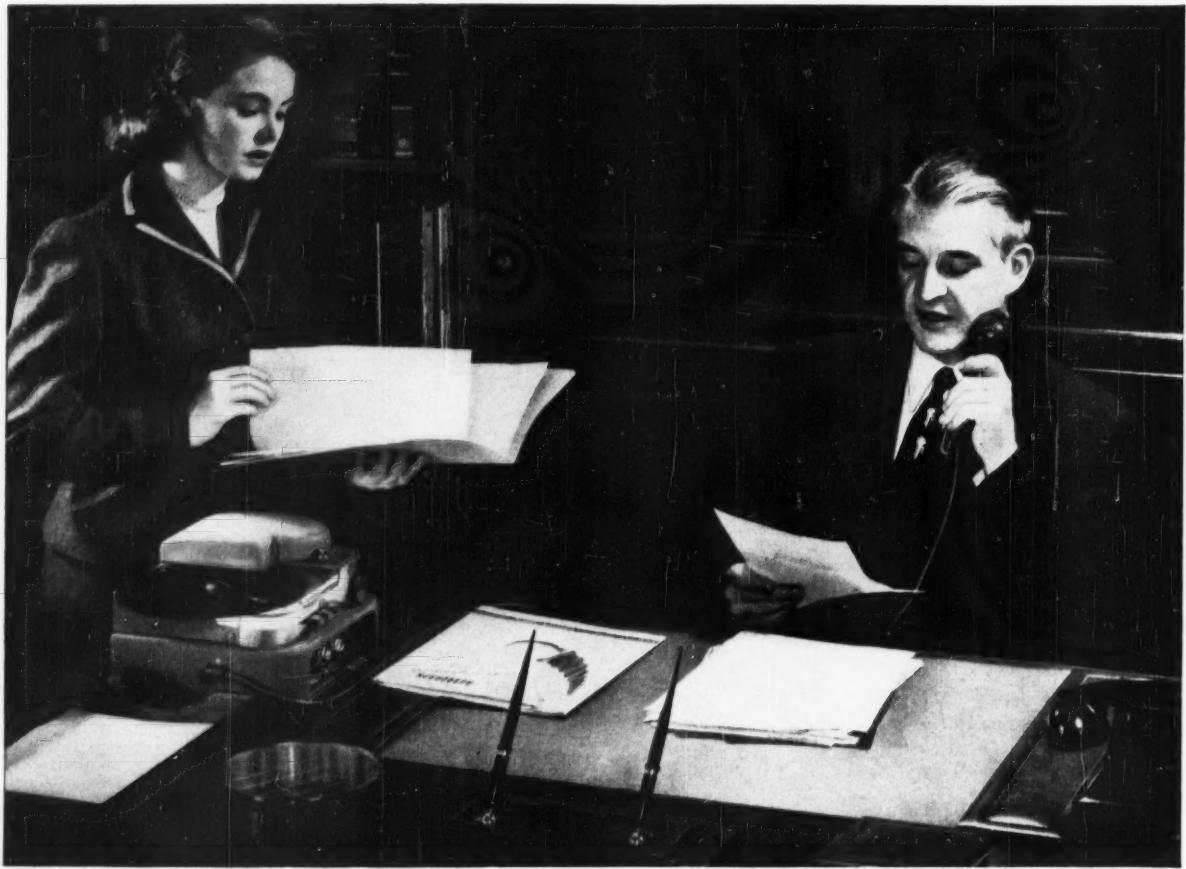


TWIGG INDUSTRIES INC.

SHEET METAL FABRICATION DIV.
Terre Haute, Indiana



HEAVY MACHINE TOOL DIV.
Brazil, Indiana



How to organize your paperwork

Here is a new, easier way to handle routine paperwork and dictation — a different technique that will help you finish faster:

(1) Start at the top—there's no need to sort out the dictation matter; no need to call your secretary in and keep her waiting.

(2) Read the first letter, memo or report. Decide whether to handle it verbally or in writing.

(3) If verbal, pick up your telephone and get it done. If in writing,

pick up your Audograph microphone and get it done.

(4) Go on to the next item, and handle the rest the same way.

Note that you go through the workpile just once. If interrupted, it's easy to pick up where you left off.

You work smoothly, efficiently, quickly — alone, you think and talk easily. There is no confusion, no waste motion, no petty delay. And while you're working, your secretary is intercepting phone calls, getting

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If you are interested in this more efficient way of working, send in the coupon. Try the technique yourself. You'll find that it really works.

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AUDOGRAPH**

The world's most versatile dictation instrument

AUDOGRAPH® sales and service in 180 U. S. cities. See your Classified Telephone Directory under "Dictating Machines." Canada: Northern Electric Co., Ltd., Abroad: Westrex Corp. (Western Electric Co. export affiliate) in 35 countries. Audograph is made by the Gray Manufacturing Company — established 1891 — originators of the Telephone Pay Station.

*TRADE MARK REG. U. S. PAT. OFF.

The Gray Manufacturing Company
Hartford 1, Connecticut

Please send me your illustrated Booklet X-11 —
"Now We Really Get Things Done!"

NAME _____

FIRM _____

TITLE _____

ADDRESS _____

CITY _____



Letters

TO THE EDITOR

CALENDAR CHATTER

White and Wyckoff Mfg. Co.
Holyoke, Mass.

Dear Sir:

During the early part of the year, as you will perhaps remember, or as your correspondence files will show you, we had some correspondence regarding lighthouses, prompted because of your featuring in DUN'S REVIEW lighthouses at various times, and because we were working on our Calendar for 1953 featuring "Famous American Lighthouses."

So now, I'm glad to send you an advance copy of the new calendar which will probably be of interest; we hope so and with which please accept our compliments and best wishes. . . .

To the public at large the calendar is available at 25¢. . . .

As you published a little item regarding the plans for the calendar and we had quite a few letters from your readers as a result, perhaps you might wish to make mention of the forthcoming calendar. . . .

A. H. Sampson

SALESMAN SALUTES

Gardner Board and Carton Co.
Middletown, Ohio

Dear Sir:

Your article, "The Hidden Salesman" by Robert J. Berry, in the August issue is excellent. The article points out some of the things we're striving for here.

Ed DeHart

Burndy Engineering Company
Norwalk, Conn.

Dear Sir:

We read with a great deal of interest, Mr. Robert J. Berry's story "The Hidden Salesman" which appeared in the August issue of DUN'S REVIEW. . . .

C. Lillian Farrek

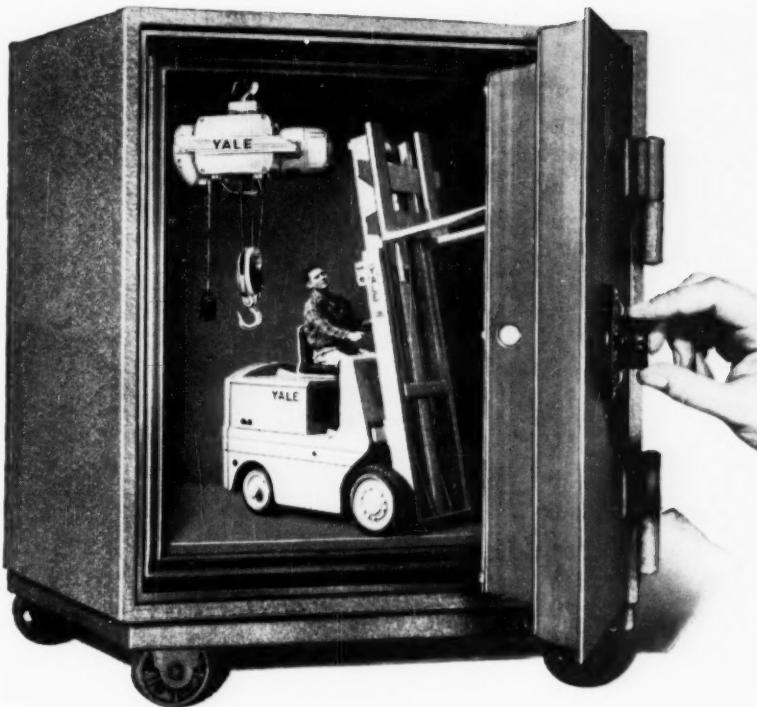
Bankers Trust Company
Indianapolis, Ind.

Dear Sir:

In the August issue of DUN'S REVIEW there is an excellent article titled, "The Hidden Salesman" by Robert J. Berry, president of the Electric Products Company.

I think this article is outstanding and should be read by everyone interested in employee and public relations. It can be used as a guide in every line of business. I would like very much to write Mr. Berry and compliment him on the article. Do you have his company's address?

I intend to bring this article to the at-



They're worth money in your business, too

Are materials or finished products moved from one place to another in your business? Do you employ three men or more at handling, moving or stacking?

If your answer is "yes", you can make profitable use of Yale Lift Trucks (gasoline, electric or Diesel) and Yale Hoists. Send the coupon for full details on how you can cut handling costs 50 to 75%. Then depend on Yale to solve your specific handling problems...with equipment ranging from giant Ram Trucks to compact Worksavers designed for use in confined areas where floor capacities are limited.

YALE has the answers

(Mail the coupon below)

How did special YALE equipment save \$196,000 for an important California industry?

How did YALE equipment reduce handling man-hours 50%—saving money for a bottling company?

What YALE Hoist made one-man manufacturing easy?

What combination of YALE equipment cut shipping costs 75%—saving money in the sugar industry?

SEND FOR FREE BOOKLET
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YALE*

MATERIALS HANDLING EQUIPMENT

Yale Hoists are sold
exclusively through
INDUSTRIAL DISTRIBUTORS
*Registered trade mark

MAIL THIS COUPON TODAY

The **YALE & TOWNE Manufacturing Co., Dept. 5911**

Roosevelt Blvd. and Haldeman Ave., Phila. 15, Pa.

Please send my free copy of *The Picture Story
of Yale Materials Handling Equipment*.

I am interested in: YALE Lift Trucks
 YALE Hoists

Company _____

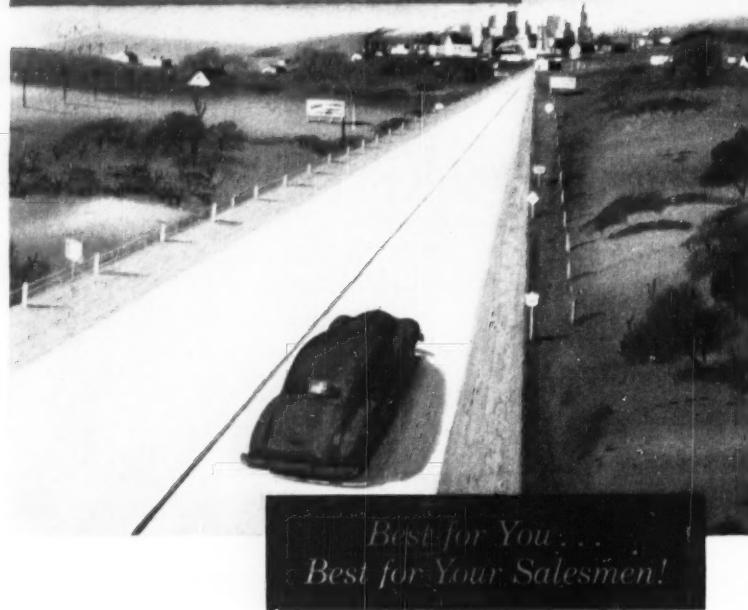
Name _____ Title _____

Street _____ City _____ State _____

In Canada write: The Yale & Towne Mfg. Co.,
Box 337-Postal Station "A," Toronto

GAS AND ELECTRIC INDUSTRIAL TRUCKS • WORKSAVERS • HAND TRUCKS • HAND AND ELECTRIC HOISTS • PUL-LIFTS

Let Four Wheels Keep Your Salesmen's Cars Rolling



15 CONTINUOUS YEARS OF COMPANY-CAR RENTAL SERVICE TO AMERICA'S LEADING INDUSTRIES

Take it from experienced Four Wheels users that network the nation. They use the Four Wheels Plan because it's better business. The reasons add up:

- A brand new car every year—with no capital investment to company or salesmen
- Mileage inequities solved for company and salesmen
- No maintenance or depreciation problems
- Operating costs are clear cut and tax deductible
- Unrestricted personal use of cars

And high on the list of "reasons why" you'll find the Four Wheels Plan unique in morale value.

It's fair for the company—square for the salesmen. You know that's good business! Find out the facts about it *today*—

for the "FOUR WHEELS PLAN" booklet **WRITE DEPT. D-R**

FOUR WHEELS, INC.

6200 N. Western Ave.—Chicago 45, Ill.



America's Foremost Automobile Leasing Company—Operating in 48 States.

tention of the Indianapolis chapter of the National Sales Executive Council where I am a member. If Mr. Berry can speak as well as he writes, I think our group should ask him to address one of its sessions in the coming Association year.

*Dwight W. Casey
Vice-President*

Republic Steel Corporation
Cleveland, Ohio

Dear Sir:

DUN & BRADSTREET, being an organization that caters mainly to the credit fraternity,—I was surprised at the absence of a door marked "Credit Department" under the article entitled "The Hidden Salesman" on page 25 of your August issue. The Credit Department is one of the most important departments co operating with the Sales Department in its relations with customers and building up good-will. No doubt this was an oversight, but don't let it happen again or we credit men will be talking to Mr. White-side about it.

E. P. Foley



Not wishing to have other departments suffer by comparison, we are showing the Credit Department door by itself.—Ed.

Millers National Ins. Co.
Chicago, Ill.

Dear Sir:

We would like to obtain 25 copies of the splendid article, "The Hidden Salesman," which appeared in the August 1952 issue of DUN'S REVIEW, to distribute to some of our agents. . . .

J. O. Giles

MISSING

*Chicago Herald-American
Chicago, Ill.*

Dear Sir:

I would appreciate it very much if you would send me copies of your monthly magazine DUN'S REVIEW, published by your organization. This seems to be one piece of information which your organization sends out which we have not been receiving.

*Hal Thompson
Financial Editor*

Heard in WASHINGTON

It has been demonstrated again that the state of business is a powerful factor in a political campaign. Elections have little effect on business, but business affects elections.

Now that the election is over a frequent question is, "What next?" Whatever happens the most unlikely is that things will stay just as they are. The country has to be prepared for a little more military spending, considerably more military spending, or enormously more military spending, depending on developments scattered all over the globe.

Adjustment of the economy to peace looms as the greatest problem. We may not have to grapple with it for some years to come, but plans must be ready to handle the situation when Government spending declines from \$85 billion to \$50 billion. Commerce Secretary Sawyer has such a study under way. It is so important that he is confident his successor will continue it. He thinks we are well equipped to handle the problem that will face us when the end comes to the enormous leak of resources into the maw of the military. This nation handles the problems of peace better than those of war.

Those closest to the defense program expect the peak of expenditures will be reached in the last quarter of 1953. Expenditures then will have to continue at a high level for an extended period. A larger proportion of finished goods to total expenditures now is being attained. Pipe lines are well filled. The ratio of output to input will likely increase from this time forward.

When the defense program was formulated in 1950 few thought it could be carried out without drastic curtailment of goods for civilian use. Such shortages as were caused are disappearing. What had seemed impossible has been accomplished.

Because of its important bearing on what may be expected economically, careful note is being made by the statistical agencies of developments which give an indication of whether consumers expect to save or to spend. Latest reports indicate that they still think prices are too high and

are more inclined to save than spend. It is recognized, however, that some prices are declining and that some incomes have gone up. This may change the rate of saving which is important in offsetting the inflationary pressures which underlie the economy.

More savings go into savings accounts in banks than into any other channel. What happens to those accounts is being watched closely as is the attitude of the public to the Government's savings bonds. Last year redemptions of unmatured savings bonds exceeded sales, but that trend seems to have come to an end with indications pointing to renewed interest in those securities, due in part to the more favorable terms now allowed. An increased trend is noted in the higher income groups of hedging against inflation through purchases of common stocks and real estate.

Recognizing that the large movement of capital over frontiers is disturbing, official endeavors to promote the export of American capital are encouraging conditions under which American ownership in a joint enterprise will be retired as rapidly as possible.

No opportunity is being lost to emphasize that nothing smacking of colonialism or imperialism has a place in modern economy.

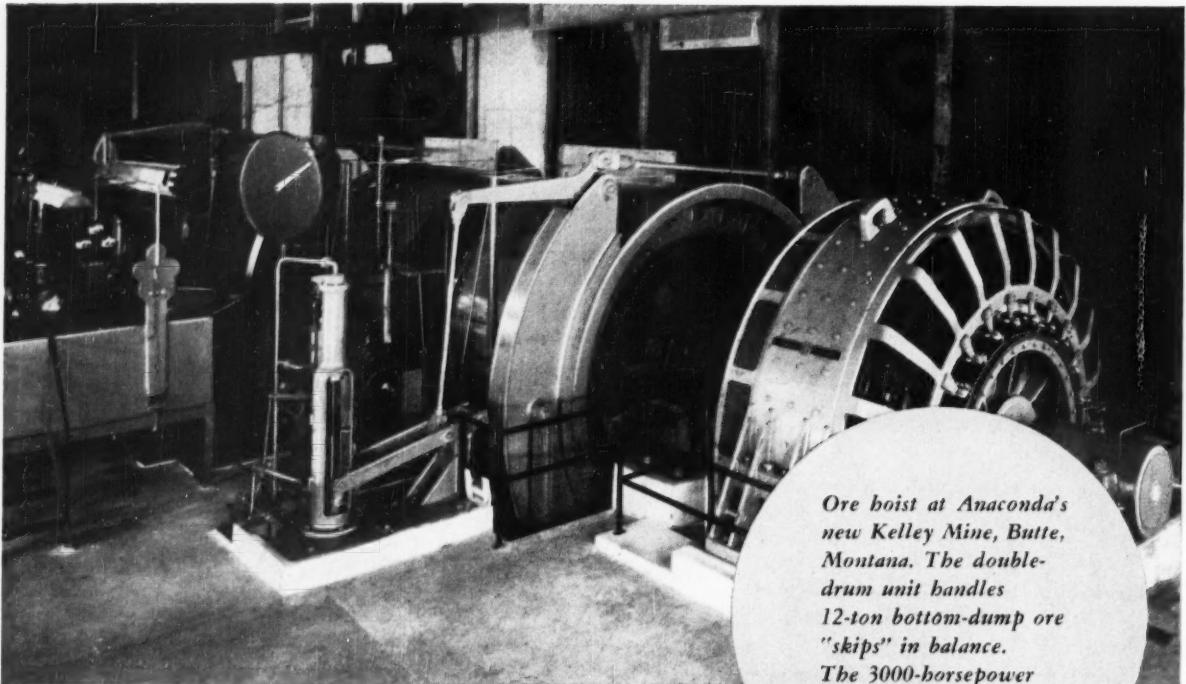
A survey now being completed by the Commerce Department will show: volume of foreign investments; character of such investments; flow of income; and the extent to which capital is being mingled. This is the first census of the kind since 1943.

Agitation for the repeal of the excess profits tax is meeting opposition from businesses that are not in that bracket. They fear they will be called upon to help make up the revenue that would be lost.

Paul Wootton

WASHINGTON, D. C.

OCTOBER 1952



giving a lift to

Copper Production!

Right now Anaconda is mining about 6,000 tons of low-grade copper ore every day at the new Kelley Mine, keystone of the Greater Butte Project. Eventual output from this block-caving operation will be 15,000 tons of ore per day.

The Greater Butte Project was undertaken in 1948 to supplement Anaconda's regular output from high-grade ore. When in full production, this \$27 million project will add 90,000,000 pounds a year to America's copper supply. This wealth of copper is all *in addition* to Anaconda's present output!

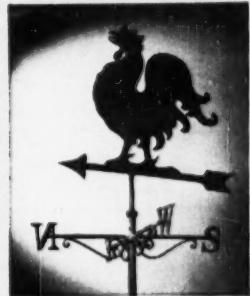
America needs more and more of man's most versatile metal. The combined defense and civilian demand for copper continues to exceed its availability. Because copper—and *only* copper—does so many defense jobs so well, increased output is essential to the U. S. economy.

The Greater Butte Project is just one phase of Anaconda's vast expansion, improvement, and modernization program. All phases share the same goal: more metals. The achievement of this goal serves the country's military needs today . . . its peace, progress and prosperity in the future.

ANACONDA
COPPER MINING COMPANY

Anaconda Sales Company
The American Brass Company
Anaconda Wire & Cable Company
International Smelting and Refining Company
Andes Copper Mining Company
Chile Copper Company
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52322-A



Compass Points

OF BUSINESS

NOVEMBER 1952

SUPPLEMENT TO

DUN'S
REVIEW

Past Records. New Goals

SALES, INVENTORIES, AND SELLING Page 12

Although spending by both the Government and consumers is edging upward, the expansion of inventories, except in defense lines, is likely to remain conservative

CONSTRUCTION, OUTPUT, AND MARKETS Page 13

Record expenditures for construction and industrial expansion enlarge our ability to produce; intensive salesmanship may help to develop the large, latent markets

39 COMPASS POINTS Pages 14, 15

Here is the business record as reflected in selected, basic statistical series; there are quarterly figures for recent years and annual data as far back as 1914

THE CONSUMER'S FINANCIAL POSITION Page 16

While over-all incomes and savings are at unprecedented levels, so are consumers' debts; here is some insight into the distribution of personal purchasing power

THROUGH THE TELESCOPE Page 17

A peek, first into the affairs of our foreign customers, then into the near-future for the outlook in production, spending volume, employment, and general price levels

There are frequent reports of anxiety at the return of "the buyers' market" in this line or that. Reduced prices for a variety of commodities, from moonshine and sirloin to grandpa's woolies, have often resulted in long faces and a great shaking of heads. While record employment and output may not last indefinitely, there are wide areas of basic strength in the economy. The sources of both strength and possible weakness are reflected in the figures as well as discussed in the text on the following pages.

Production, employment, and trade swelled to new high levels as business entered the fourth quarter of 1952; many retailers thought that Christmas volume this year might exceed past records as measured both in dollars and units. But a gnawing question in many minds was, "What is in store for business when high-level defense spending tapers off next year and thereafter?"

The military expenditures, currently running at about \$12.3 billion a quarter, are now scheduled to reach \$14 billion a quarter in mid-1953 and to be maintained at that level for two years. While defense spending will remain important in the economy during this period, it is expected to become less stimulating to business toward the end of 1953. What will happen then is dependent to a large extent on the groundwork established by to-day's developments.

Balance and Salesmanship

It appears that an adjustment has already been made from a sellers' to a buyers' market in many durable and nondurable lines; there are reports that earnings prospects have recently improved with a substantial pick-up in orders, output, and sales. Partly reflecting a catch-up after the steel strike, but also because of larger retail sales (Compass Point 24, page 14), the production of steel, automobiles, oil, television, and home appliances is markedly above the levels prevailing earlier in the year. Also advancing is the output of textiles, paper, chemicals, and machinery. How the over-all level of industrial production compares with that in previous periods is reflected in Compass Point 16 and in the chart on page 13.

Signs of salesmanship are apparent even in the daily newspaper advertisements. Although reduced prices are still offered frequently to stimulate consumer buying, the reductions are far less sweeping than, say six months ago. Customers are enticed by a variety of other attractions, including better quality, better service, and even contests such as the one sponsored by a well-known retailer of women's wear offering the winner "a week's trip to Bermuda for two."

Inventories and Orders

The physical volume of inventories is only slightly above the pre-Korean level. After allowances in the over-all figures (Compass Points 27, 28, and 29) for inventories destined for the military, civilian stocks appear to be well balanced with expected sales requirements. It seems likely that the accumulation of stocks over the next few months will occur largely in response to seasonal needs. With the prospect for relatively stable prices and an abundance of goods, buyers are expected to remain conservative. This is

not to imply a limited volume of trade, however.

With one eye on the record level of disposable personal income (Compass Point 13), retailers were reportedly stocking their shelves with a wide variety of reasonably priced, practical gifts for the Christmas trade. Orders for semi-luxury and luxury items were also at a favorable level. Advance orders for women's Spring apparel were reported to range from 15 to 50 per cent above a year ago in the West Coast market; top quality and higher priced lines sold unusually well. Price levels both at retail and wholesale have not changed appreciably since the beginning of the year (Compass Points 8 and 9).

Signs in and of the Times

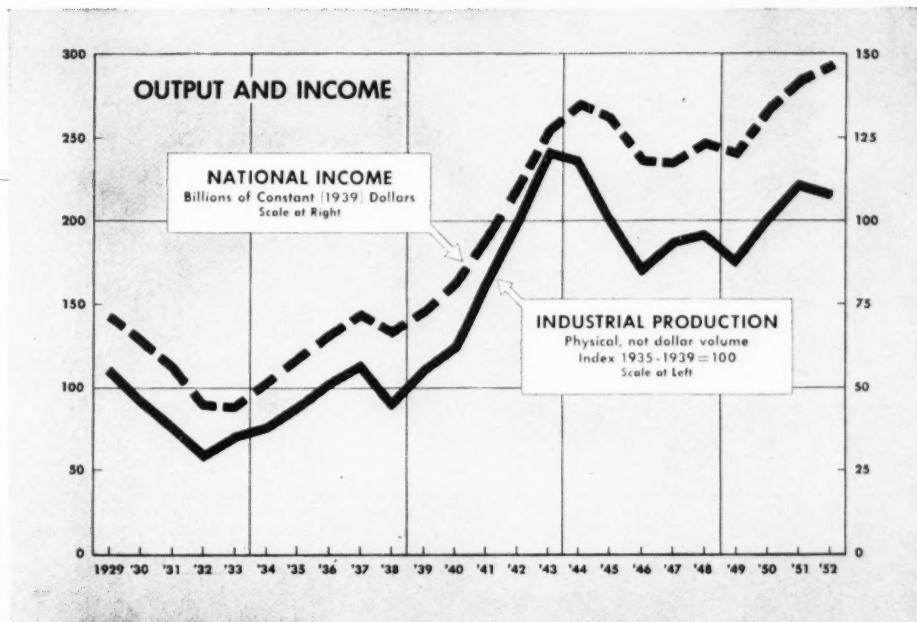
There are some people who claim proudly, "I was brought up not to read the ads." While such pride may result from ignorance, here is a case where ignorance is the result of pride. Statistics, such as these 39 Compass Points, are vital to an evaluation of business conditions, but some aspects of the business picture are clearly reflected in the "ads."

A glance at Compass Points 3 and 6 affirms that employment is as high, and unemployment about as low as each has ever been before. If anyone doubts that employment conditions are as favorable as the official reports, he need only look to the classified section of a metropolitan daily newspaper for reassurance. A recent Sunday edition of the New York Times carried nine pages jammed with "help wanted" advertisements directed at the unemployed or dissatisfied of both sexes. The opportunities were remunerative as well as numerous. Men were sought for every sort of position from office boy to parapsychologist, with engineers at a premium. Good working conditions are stressed along with the high pay; this in a so-called "moderate labor surplus area." Detroit, formerly an area of serious labor surplus, is faced with a shortage of workers.

More Lower-priced Housing

That the "ads" have recently offered a larger selection of homes in the under-\$10,000 price range may reflect other trends. These houses are almost invariably either of the community-mass-produced type, or prefabricated, while the prices are rarely much below \$10,000. Never-the-less, it is significant that they appear more frequently than a year ago.

Although total construction in the first eight months of 1952 was about 5 per cent above a year ago, there was a 4 per cent decline in private residential construction. The downturn in private home building started in 1951 when it declined not only in dollar volume, but dipped to 35 per cent of total construction as compared with 45 per cent in 1950. The proportion was further reduced in the first eight months of this year to 33 per cent. Most of this decline had been induced by Government restrictions on materials and



The origins of national income shifted somewhat between 1929 and 1951. Both the compensation of employees and corporate earnings before tax constituted a larger proportion of the total in 1951, while income from rentals and interest was a smaller proportion. National income data are from the Department of Commerce; the figure for 1952 is an estimate based on the seasonally adjusted annual rates in the first three quarters of the year. The industrial production index is from the Federal Reserve Board; the 1952 figure is an average for the first nine months. An increased rate of production in the fourth quarter may offset to some extent the losses in output resulting from the steel strike.

mortgage credit, designed to subordinate certain civilian needs to the defense effort.

The Construction Record

As defense spending tapers off and we swing back toward full peacetime operations, private home building should assume greater importance in the total construction volume. Recognition was given to the importance of the decline in home building in the revised Defense Production Act, passed at the end of June 1952. It provided that down-payment requirements be reduced at the end of any consecutive 3-month period wherein housing starts drop below the rate of 1.2 million a year. While down-payment requirements actually were reduced on October 1, in line with the provision, many private lenders were proceeding cautiously.

Government spending for defense, and an allied increase in business spending for new plant and equipment have been potent factors in keeping over-all construction at a high level. Probably to be exceeded by about 5 per cent in 1952, the dollar volume of new construction in 1951, at \$31 billion, was nearly twice as large as in 1947, almost as great as the combined total for the pre-war years 1935-1939, and nearly three times as large as in 1929. Even after allowance for the increased cost of building materials and labor, the physical volume of construction was impressively above former levels.

Industrial Expansion

If the programs of expenditure for new plant and equipment proceed through the remainder of the year as planned, capital outlays for 1952 will reach a record

\$27.5 billion, according to a joint report from the Securities and Exchange Commission and the U. S. Department of Commerce. This will exceed last year's record by 4 per cent and is some 3 times as large as the 1929 total (Compass Point 19). The high rates of machinery usage, rapid obsolescence, increased depreciation allowances, and the need for continuous improvement of production techniques to meet competition, should insure a continued high rate of spending for new plant and equipment. As the defense effort slackens, more materials and manpower can be devoted to projects lately postponed as "non-essential."

Shipments of machine tools continued to accelerate in the Fall months. It is estimated that the machine tool industry is producing at the rate of \$100 million a month, compared with \$20.7 million in 1949; shipments are about 20 per cent below the war-time 1942 peak level. Total shipments for 1952 are expected to reach \$1 billion. Although backlog dropped considerably with the expansion in production—they amounted to 12 months production this September as compared with the peak of 23.5 months a year ago—they still equal several years of output at normal peacetime rates.

The Latent Markets

The enormous productive capacity developed in this country solves many problems while posing others. While a vista of almost unlimited supply opens before us, there are serious problems in distribution on an international as well as a national scale. There is a vast need for all kinds of goods, both here and abroad and there are vast resources and the tech-

Continued on page 16

39 COMPASS POINTS OF BUSINESS

CENSUS		EMPLOYMENT				PRICES				
1 POPULATION Millions	2 NUMBER OF BUSINESSES Thousands	3 EMPLOYMENT Civilian Millions	4 EMPLOY- MENT Agricultural Millions	5 EMPLOY- MENT Nonagricult'l Millions	6 UNEMPLOY- MENT Millions	7 CONSUMERS' PRICES Index	8 RETAIL PRICES Index	9 WHOLESALE PRICES Index	10 INDUSTRIAL STOCK PRICE AVERAGES Dollars	
1914	99.1	37.6	11.4	26.2	...	71.8	...	43.3	81.03	
1919	105.1	42.0	10.5	31.5	...	123.8	...	88.1	99.78	
1920	106.5	41.3	10.7	30.6	...	143.3	...	98.1	90.04	
1921	108.5	37.7†	10.8†	26.9†	...	127.7	...	62.0	73.48	
1929	121.8	47.6	10.0	36.3	1.5	122.5	120.9	61.9	311.24	
1930	123.1	45.5	9.9	34.3	4.3	119.4	...	56.1	236.34	
1931	124.0	42.4	9.8	31.3	8.0	108.7	...	47.4	138.58	
1932	124.8	38.9	9.7	28.0	12.1	97.6	...	42.8	64.57	
1939	130.9	45.8	9.3	35.6	9.5	99.4	99.0	50.1	142.66	
1940	132.0	47.5	9.5	38.0	8.1	100.2	100.6	51.1	134.74	
1941	133.2	50.4	9.1	41.3	5.6	105.2	108.3	56.8	121.82	
1942	134.7	53.8	9.3	44.5	2.7	116.6	124.9	64.2	107.20	
1943	136.5	54.5	9.1	45.4	1.1	123.7	134.0	67.0	134.81	
1944	138.1	54.0	9.0	45.0	.7	125.7	137.5	67.6	143.32	
1945	139.6	52.8	8.6	44.2	1.0	128.6	141.4	68.8	169.82	
1946	141.2	55.2	8.3	46.9	2.3	139.5	155.2	78.7	191.65	
1947	144.0	58.0	8.3	49.8	2.1	159.6	180.1	96.4	177.58	
1948	146.6	59.4	8.0	51.4	2.1	171.9	192.7	104.4	179.95	
1949	149.2	58.7	8.0	50.7	3.4	170.2	187.7	99.2	179.48	
1950	151.7	60.0	7.5	52.5	3.1	171.9	189.0	103.1	216.31	
1951	154.4	61.0	7.1	54.0	1.9	185.6	206.8	114.8	257.64	
'51	I	153.3	59.4	6.1	53.3	2.3	183.3	204.4	116.0	249.09
	II	153.9	61.0	7.3	53.7	1.8	185.1	206.2	115.8	252.35
	III	154.7	62.2	7.7	54.5	1.7	185.9	206.7	113.8	263.96
	IV	155.5	61.4	7.0	54.4	1.7	188.4	210.0	113.6	265.14
'52	I	156.0	59.7	6.1	53.6	2.0	188.3	209.5	112.6	267.13
	II	156.6	61.3	7.2	54.1	1.7	189.1	210.2	111.5	264.18
	III	157.3	62.3	7.4	54.9	1.6	190.9	211.6	111.7	275.09
SALES										
21 FARM RECEIPTS Million dollars	22 EXPORTS Million dollars	23 IMPORTS Million dollars	24 RETAIL SALES Million \$	25 WHOLESALE SALES Million \$	26 MANUFACTURING SALES Million \$	INVENTORIES				
1914	6,039	2,114	1,789			27 RETAIL INVENTORIES Million \$	28 WHOLESALE INVENTORIES Million \$	29 MANUFACTURING INVENTORIES Million \$		
1919	14,570	7,920	3,904	36,549	60,509				12,906	
1920	12,606	8,228	5,278	41,364	63,659				13,484	
1921	8,116	4,485	2,509	32,954†	41,897†				10,705†	
1929	11,299	5,241	4,399	48,459	37,814	7,298	4,024	12,775		
1930	9,050	3,843	3,061	41,989	57,017		3,497	11,265		
1931	6,369	2,424	2,091	34,752	42,951		2,665	9,105		
1932	4,735	1,611	1,323	25,013	30,774		2,307	7,332		
1939	8,582	3,177	2,318	42,042	26,244†	5,285§	3,075†	11,516§		
1940	9,056	4,021	2,625	46,375	28,919	5,819	3,255	12,873		
1941	11,619	5,147	3,345	55,274	36,394	7,371	4,073	17,024		
1942	16,136	8,079	2,756	57,212	41,109	7,438	3,830	19,348		
1943	20,003	12,965	3,381	63,235	45,966	7,065	3,759	20,171		
1944	21,153	14,259	3,929	70,208	49,828	7,105	3,969	19,578		
1945	22,162	9,806	4,159	78,304	53,708	7,442	4,625	18,457		
1946	25,326	9,738	4,942	102,488	71,915	11,231	6,606	24,620		
1947	30,068	14,430	5,756	119,604	87,263	13,372	7,613	29,032		
1948	30,480	12,653	7,124	130,521	95,172	15,192	7,982	31,782		
1949	28,197	12,052	6,623	130,721	86,817	13,909	7,659	28,766		
1950	29,056	10,274	8,852	143,689†	96,782	17,071	9,268	33,311		
1951	33,078	15,022	10,962	158,223	106,776	17,515	9,849	41,988		
'51	I	6,509	3,346	3,029	37,773	20,757	10,122	35,970		
	II	6,459	4,019	2,963	39,093	19,718	10,005	39,085		
	III	9,040	3,685	2,508	38,735	18,882	10,059	40,590		
	IV	11,035	3,974	2,452	42,624	17,515	9,849	41,988		
'52	I	6,807	4,025	2,877	36,324	18,664	9,942	42,789		
	II	6,650	3,966	2,687	41,576	17,314	9,349	42,257		
	III	9,200	3,140	2,370	39,900	16,900	9,100	42,000		

† Figures for this and prior dates are from another source and are not strictly comparable with later data.
 § Beginning in 1937 tax refunds are deducted from receipts and are not included among expenditures.

• Annual rate seasonally adjusted. • Quarterly figures seasonally adjusted. § Series revised from this date.

A RECORD OF BUSINESS ACTIVITY

INCOME					PRODUCTION				
11 HOURLY EARNINGS Indus. Workers Dollars	12 WEEKLY EARNINGS Indus. Workers Dollars	13 DISPOSABLE PERSONAL INCOME Billion dollars	14 DISPOSABLE INCOME Per Capita 1951 dollars	15 CORPORATE PROFITS AFTER TAXES Billion dollars	16 INDUSTRIAL PRODUCTION (PHYSICAL) Index	17 ELECTRIC POWER PRODUCTION Billions kwh	18 BUILDING PERMITS 120 Cities Million \$	19 EXPENDITURES FOR PLANT & EQUIPMENT Billion dollars	20 GROSS NATIONAL PRODUCT Billion dollars
.223	11.01	33.2	867	1.9	61	...	735	...	38.5
.477	22.08	63.5	906	5.7	72	...	1,181	...	77.9
.555	26.30	66.8	813	3.9	75	56.6	1,256	...	85.0
.514	22.18	52.8	709	0.0	58	53.1	1,493	...	68.2
.566	25.03	82.5	1,016	8.4	110	116.7	2,490	9.2	103.8
.552	23.25	73.7	939	2.5	91	114.6	1,408	7.6	90.9
.515	20.87	63.0	890	-1.3	75	109.4	1,006	4.7	75.9
.446	17.05	47.8	760	-3.4	58	99.4	336	2.6	58.3
.633	23.86	70.2	1,027	5.0	109	161.3	1,029	5.2	91.3
.661	25.20	75.7	1,089	6.4	125	179.9	1,104	6.5	101.4
.729	29.58	92.0	1,237	9.4	162	208.3	1,196	8.2	126.4
.853	36.65	116.7	1,381	9.4	199	233.1	644	6.1	161.6
.961	43.14	132.4	1,413	10.6	239	267.5	419	4.5	194.3
1.019	46.08	147.0	1,477	10.8	235	279.5	709	5.2	213.7
1.023	44.39	151.1	1,454	8.5	203	271.3	1,028	8.7	215.2
1.086	43.82	158.9	1,409	13.9	170	269.6	2,089	14.8	211.1
1.237	49.97	169.5	1,339	18.5	187	307.4	2,470	20.6	233.3
1.350	54.14	188.4	1,389	20.7	192	336.8	3,111	22.1	259.0
1.401	54.92	187.2	1,379	16.3*	176	345.6	3,131	19.3	258.2
1.465	59.33	205.5	1,455	21.2*	200	388.7	4,466	20.6	284.2
1.594	64.93	225.0	1,458	18.7*	220	432.3	3,654	26.3	329.2
1.562	64.06	218.0	1,432	21.7*	222*	106.0	977	5.5	319.6
1.588	64.78	223.2	1,452	18.8*	222*	105.3	938	6.7	329.3
1.602	64.67	227.1	1,469	16.9*	216*	108.2	1,005	6.7	330.9
1.626	66.22	231.5	1,473	17.3*	218*	113.5	734	7.4	337.1
1.646	67.00	230.5	1,457	18.1*	221*	115.0	715	6.2	339.4
1.656	66.47	231.5	1,448	17.3	210	110.4	952	7.0	343.2
1.661	66.64	233.0	1,441	17.1	210	113.2	973	7.1	344.0

I II III IV '51 '52

FEDERAL			FINANCE					FAILURES	
30 FEDERAL RECEIPTS Million dollars	31 FEDERAL EXPENDITURES Million dollars	32 GROSS FEDERAL DEBT Billion dollars	33 CONSUMER CREDIT Outstanding Billion dollars	34 LOANS OF COMM'L BANKS Billion dollars	35 CURRENCY OUTSIDE OF BANKS Million \$	36 DEMAND DEPOSITS ADJUSTED Million \$	37 TURNOVER OF DEMAND DEPOSITS Times	38 BUSINESS FAILURES Number	39 LIABILITIES OF FAILURES Million \$
735	735	1.2		13.2	1,533	10,082	19.4	18,280	357.9
5,152	18,515	25.5		22.4	3,593	17,624	36.1	6,451	113.3
6,695	6,403	24.3		28.1	4,105	19,616	37.3	8,881	295.1
5,625	5,116	24.0		26.1	3,677	17,113	32.2	19,652	627.4
4,033	3,299	16.9		6.3	36.0	22,809	40.5	22,909	483.3
4,178	3,440	16.2		5.6	32.0	20,967	33.8	26,355	668.3
3,190	3,652	16.8		4.6	25.2	17,412	28.6	28,285	736.3
2,006	4,535	19.5		3.5	20.1	4,669	15,728	31,822	928.3
5,103‡	8,966‡	40.4		7.0	17.2	6,401	29,793	14,768	182.5
5,265	9,183	43.0		8.2	18.8	7,325	34,945	13,619	166.7
7,227	13,387	49.0		8.8	21.7	9,615	38,992	11,848	136.1
12,696	34,187	72.4		5.7	19.2	13,946	48,922	9,405	100.8
22,202	79,622	136.7		4.6	19.1	18,837	60,803	3,211	45.3
43,892	95,315	201.0		5.0	21.6	23,505	66,930	1,222	31.7
44,762	98,703	258.7		5.6	26.1	26,490	75,851	809	30.2
40,027	60,703	269.4		8.7	31.1	26,730	83,314	1,129	67.3
40,043	39,289	258.3		11.9	38.1	26,476	87,121	3,474	204.6
42,211	33,791	252.3		14.4	42.5	26,079	85,520	5,250	234.6
38,246	40,057	252.8		16.8	43.0	25,415	85,750	9,246	308.1
37,045	40,167	257.4		20.1	52.2	25,398	92,272	9,162	248.3
48,142	44,633	255.2		20.6	58.4	26,325	98,120	8,058	259.4
16,817	11,077	255.0		19.4	54.4	24,400	89,000	2,106	55.3
12,861	14,493	255.2		19.3	55.0	25,000	89,500	2,147	63.3
12,374	14,989	257.4		19.4	56.0	25,400	92,000	1,963	74.1
11,435	16,647	259.4		20.6	58.4	26,325	98,120	1,842	66.7
20,392	16,263	258.1		19.6	57.8	25,700	94,800	2,005	74.9
17,930	18,604	259.1		20.9	59.6	26,000	95,800	2,089	71.9
13,951	178,30	262.7	21.6	59.9	26,500	95,800	20.8	1,713	59.2

I II III IV '51 '52

The debts of individuals increased after World War II at a considerably faster rate than savings. Whereas the liquid asset holdings of individuals were 14 per cent higher in 1951 than in 1945, the debts owed by individuals were more than two and one-half times as large. It is argued by some economists that the accumulation of liquid assets in the past seven years has not kept pace with the rise in consumers' prices. In order to maintain the purchasing power of the \$1,000 he had in the bank in 1945, the average saver should have added \$443 to it by the end of 1951; actually, he added only about \$140. But it should not be forgotten that in the post-war years, consumers poured a huge volume of funds into such non-liquid assets as homes and durable goods. With, or without allowance for change in purchasing power, individuals' liquid assets are well above pre-war levels. To maintain the purchasing power of 1941's \$1,000 nest-egg required the addition of some \$764 by 1951; the actual addition by the average saver was \$1,226.

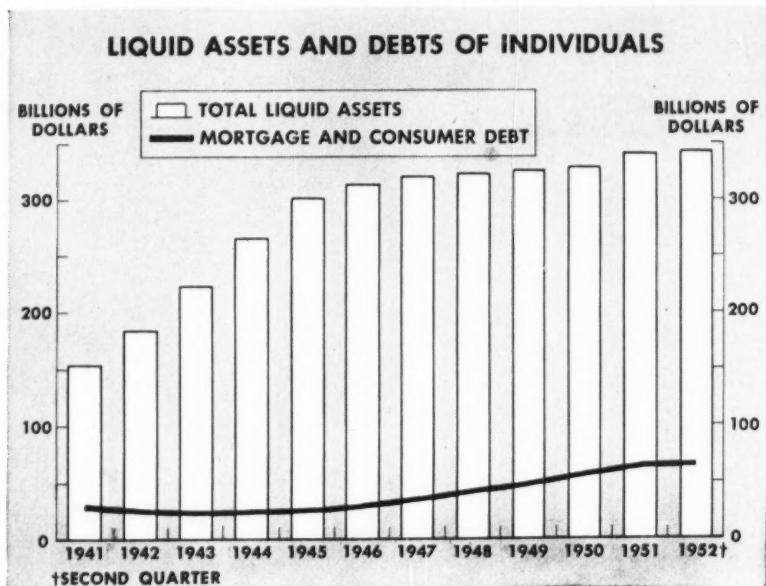
nical ability to produce them. While mass purchasing power is of vital importance in developing markets, there is also a need for an intensive selling job.

It was determined in a survey of consumer finances sponsored by the Federal Reserve Board in the early part of 1952 that 40 per cent of all family units do not own automobiles and 56 per cent of the automobiles owned are more than 3 years old. Some 69 per cent of the families did not own television sets and 31 per cent had no refrigerator. (Roughly one-fifth of the "family units" were single persons.) Some of the experts think that slum clearance alone would necessitate the construction of 1.5 million housing units a year for the next 20 years.

Income, Savings, and Debt

Personal income in the first nine months of 1952 was about 5 per cent above the year-ago level. Even after the payment of high taxes, consumers generally had a record amount of money to spend (Compass Points 13 and 14). Strong labor unions with political as well as economic power, unemployment and social security benefits, and the farm price support program are cited as factors lending stability to the income level. The unprecedented volume of liquid savings owned by individuals is considered another bulwark for business.

By adding \$4.3 billion to their savings in the first half of 1952, individuals brought the value of their liquid assets to a record \$344 billion, according to a survey by the SEC. These liquid assets include insurance, time and savings deposits, shares in savings and loan associations, and corporate and Government securities, as well as cash holdings. The definition of "individuals" is rather broad; it includes in addition to personal holdings, the savings of unincorpor-



ated business, non-profit institutions, and trust and pension funds. The volume of these liquid assets in past years is charted above.

While these figures do not include savings represented by the ownership of homes and other tangible assets, from the point of view of a retailer with goods to sell, a customer's equity in a home may not mean much in terms of immediate purchasing power. According to the SEC figures, consumers invested some \$251.7 billion in non-farm dwellings and consumer durables in the years 1940 to 1951. These same "individuals" owning the liquid assets owed \$43 billion in mortgage debt and \$18 billion in consumer credit at the end of 1951; debt in both these categories has since increased (Compass Point 33).

In a different survey of the liquid asset holdings of individuals, conducted by the Federal Reserve Board, personal holdings were estimated at \$186 billion at the end of 1951, or almost 4 times as large as in 1939. The total liquid asset holdings of both persons and business were estimated at \$260.5 billion, also almost 4 times as large as in 1939. These figures however, do not include savings in the form of insurance.

The Distribution of Assets

The top 10 per cent of the spending units (ranked by size of income) in 1952 owned 39 per cent of the liquid assets and received 31 per cent of personal income. The average income before taxes of this top 10 per cent was \$11,710. It is thought that about 30 per cent of all spending units, largely in the lower income brackets, have no savings at all, although the lowest 10 per cent of the spending units own 6 per cent of the liquid assets. There are a large number of retired persons in this latter category. When ranked by the size of their liquid asset holdings, the

top 10 per cent of the spending units own 65 per cent of all liquid assets, a proportion that has hardly varied in the last five years.

The idea that liquid asset holdings are concentrated among the upper income groups is supported to some extent by the trend in consumer credit. Installment credit is used principally by those in the middle income groups (\$3,000 to \$7,500). Installment purchases of consumer durables increased markedly in 1951 and the first nine months of 1952. On the other hand, cash purchases of consumer durables, usually made by the upper income groups, constituted a declining proportion of total sales. This suggests that, with income levels rather stable, the upper income groups were saving money, while the middle income groups ran into debt. But it is certainly true that the high levels of income in the past 10 years have put the average person in a better financial position than ever before. The loss of faith that panicked some periods of business stringency into depression seems less likely to find a foot-hold to-day. There is plenty of latitude for the kind of salesmanship that makes people eager to buy.

Foreign Trade

Although our exports account for only about 5 per cent of total trade in this country, foreign markets are extremely important to some of our industries. Among the more important exports of nonagricultural products are chemicals, automobiles, parts and accessories, and machinery; cotton and grains are chief among the agricultural products sold abroad.

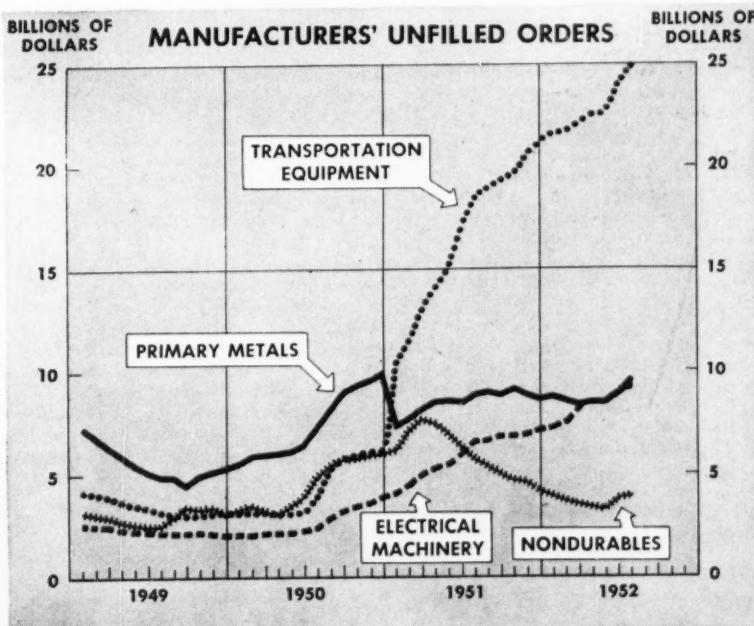
The balance of international payments improved for foreign countries generally in the second quarter

of this year. After nine months of siphoning off their gold reserves, to the tune of almost \$1 billion to pay for goods purchased in the United States, the outward flow of foreign gold and dollar holdings was reversed. It was believed that this trend would be temporary, despite the efforts of foreign countries to adjust their dollar expenditures to the relatively limited foreign dollar supply.

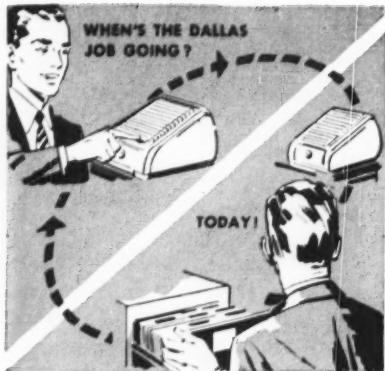
While foreign countries were able to earn fewer dollars in the second quarter of this year from the sale of merchandise to the United States, there was a slight gain in their dollar incomes from the tourist trade and other services, and interest on investments here. There was also a moderate gain in U. S. Government assistance to foreign countries in the form of economic and military aid, and a slight upsurge in American private investment abroad. Some observers thought that the decline in our exports might become sharper in 1953, if, as is expected, the foreign nations become more self-sufficient and the shortage of dollars becomes more acute.

The Near-Term Outlook

Supported by a continued high level of spending by the Government for defense and by business for new facilities, production and employment should remain high in the early months of 1953. While consumer incomes are expected to favor a high volume of retail sales, a marked expansion in the inventories of consumer goods appears unlikely. A balance between orders and output may be reflected in continued price stability, although increased costs of production in some areas may tend to exert an upward pressure on some prices.



The increase in unfilled orders for nondurable goods, noticeable since June, resulted from an expansion in new business, rather than a decline in shipments. The pick-up was sharpest in textiles. For more than a year previously, shipments of nondurable goods exceeded the inflow of new orders. Although there was a slight seasonal dip in new orders for durables this Summer, backlog rose approximately by the decline in shipments, which were curtailed because of the strike-induced shortage of steel. Unfilled orders for electrical machinery rose to a volume more than half again as large as the World War II peak. Although the ratio of unfilled orders to shipments in the transportation equipment industry was well below that in the War days, the ratio was higher among aircraft manufacturers than for the industry generally. Defense contracts and the ambitious capital expansion programs are responsible for the bulk of the unfilled orders for durable goods. The figures used in the chart are from the United States Department of Commerce.



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Sources of the Compass Points

CENSUS 1. POPULATION: *U. S. Bureau of the Census*; mid-period estimates of total population including armed forces overseas—2. NUMBER OF BUSINESSES: *U. S. Office of Business Economics*; number of nonfarm business organizations under one management excluding professional practices

EMPLOYMENT 3. CIVILIAN EMPLOYMENT: *U. S. Bureau of the Census*, data prior to 1929 from *National Industrial Conference Board*; monthly averages of noninstitutional population 14 years of age and over who were at work, temporarily absent because of sickness, strike, or vacation, or with instructions to report for work within 30 days—4. AGRICULTURAL EMPLOYMENT: *U. S. Bureau of the Census*, data prior to 1929 from *National Industrial Conference Board*; monthly averages of those employed in agriculture—5. NONAGRICULTURAL EMPLOYMENT: *U. S. Bureau of the Census*, data prior to 1929 from *National Industrial Conference Board*; monthly averages of those employed outside of agriculture—6. UNEMPLOYMENT: *U. S. Bureau of the Census*; monthly averages of those not at work but looking for work, also includes those who would have sought work except for temporary illness, belief that no work existed, or waiting to return from an indefinite lay-off

PRICES 7. CONSUMERS' PRICES: *U. S. Bureau of Labor Statistics*; Adjusted basis; average cost of some 200 goods and services purchased by moderate income families, as a per cent of the 1935-1939 level—8. RETAIL PRICES: *U. S. Office of Business Economics*, based upon data collected by other Government agencies; average prices at retail stores as a per cent of the 1935-1939 level—9. WHOLESALE PRICES: *U. S. Bureau of Labor Statistics*; average wholesale prices of some 2,000 items as a per cent of the 1947-1949 level—10. INDUSTRIAL STOCK PRICE AVERAGES: *Dow-Jones & Company*; daily average of the prices of 30 industrial stocks

INCOME 11. HOURLY EARNINGS OF INDUSTRIAL WORKERS: *U. S. Bureau of Labor Statistics*; average for production workers, reflects extra pay such as for overtime and late shift work—12. WEEKLY EARNINGS OF INDUSTRIAL WORKERS: *U. S. Bureau of Labor Statistics*; average for production workers before any payroll deductions, reflects length of work week and hourly earnings—13. DISPOSABLE PERSONAL INCOME: *U. S. Office of Business Economics*; personal income remaining after deduction of taxes and of nontax payments to government such as fines, licenses—14. DISPOSABLE INCOME PER CAPITA, 1951 DOLLARS: Compiled by dividing Series 13 by the items in Series 1 and adjusting results for changes in Consumers' Prices, Series 7—15. CORPORATE PROFITS AFTER TAXES: *U. S. Office of Business Economics*; total corporate profits after deducting all tax liabilities

PRODUCTION 16. INDUSTRIAL PRODUCTION (PHYSICAL): *Federal Reserve Board*; average physical volume of manufacturing and mining output as a per cent of the 1935-1939 level—17. ELECTRIC POWER PRODUCTION: *Federal Power*

Commission; total produced by utilities and industrial establishments excluding hotels, office buildings, and other commercial establishments—18. BUILDING PERMITS, 120 CITIES: *Dun & Bradstreet, Inc.*; total value of permits issued in 120 reporting cities—19. EXPENDITURES FOR PLANT AND EQUIPMENT: *U. S. Department of Commerce and Securities & Exchange Commission*; totals for private industry excluding agriculture—20. GROSS NATIONAL PRODUCT: *U. S. Office of Business Economics*; total market value of all goods and services produced by the economy before any deductions for depreciation

SALES 21. FARM INCOME: *U. S. Bureau of Agricultural Economics*; total receipts from farm marketings, CCC loans, and Government payments—22. EXPORTS: *U. S. Bureau of the Census*; total of all merchandise—23. IMPORTS: *U. S. Bureau of the Census*; total of all merchandise—24. RETAIL SALES: *U. S. Office of Business Economics and Bureau of the Census*; data prior to 1929 from *Kuznets "National Income and Its Composition"*; total sales of all retail stores—25. WHOLESALE SALES: *U. S. Office of Business Economics*; total sales of all wholesalers—26. MANUFACTURING SALES: *U. S. Office of Business Economics*, data prior to 1929 from *Kuznets National Income and Its Composition*; total of all manufacturers' sales

INVENTORIES 27. RETAIL INVENTORIES: *U. S. Office of Business Economics*; book value at end of period—28. WHOLESALE INVENTORIES: *U. S. Office of Business Economics*; book value at end of period—29. MANUFACTURING INVENTORIES: *U. S. Office of Business Economics*; data prior to 1929 from *Kuznets "National Income and Its Composition"*; book value at end of period

FEDERAL 30. FEDERAL RECEIPTS: *U. S. Treasury Department*; annual totals are for fiscal years, quarterly totals are for calendar quarters—31. FEDERAL EXPENDITURES: *U. S. Treasury Department*; annual totals are for fiscal years, quarterly totals are for calendar quarters—32. GROSS FEDERAL DEBT: *U. S. Treasury Department*; annual figures are at end of fiscal years, quarterly figures are at end of calendar quarters

FINANCE 33. CONSUMER CREDIT: *Federal Reserve Board*; total consumer credit outstanding at end of period—34. LOANS OF COMMERCIAL BANKS: *Federal Reserve Board*; volume of loans outstanding from all commercial banks at end of period—35. CURRENCY OUTSIDE OF BANKS: *Federal Reserve Board*; volume outstanding at end of period—36. DEMAND DEPOSITS ADJUSTED: *Federal Reserve Board*; total at end of period excluding interbank and Government deposits and cash items in the process of collection—37. TURNOVER OF DEMAND DEPOSITS: *Federal Reserve Board*; annual turnover rate of adjusted demand deposits

FAILURES 38. BUSINESS FAILURES: *Dun & Bradstreet, Inc.*; total number of industrial and commercial failures—39. LIABILITIES OF FAILURES: *Dun & Bradstreet, Inc.*; total current liabilities excluding long-term publicly held obligations

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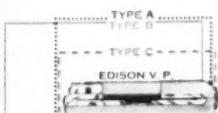
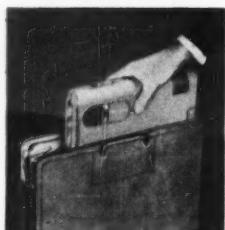
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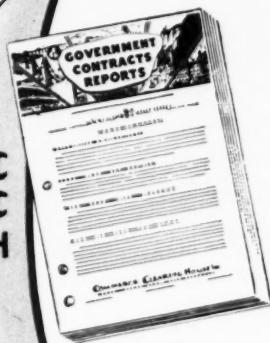
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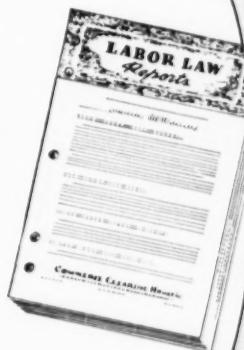
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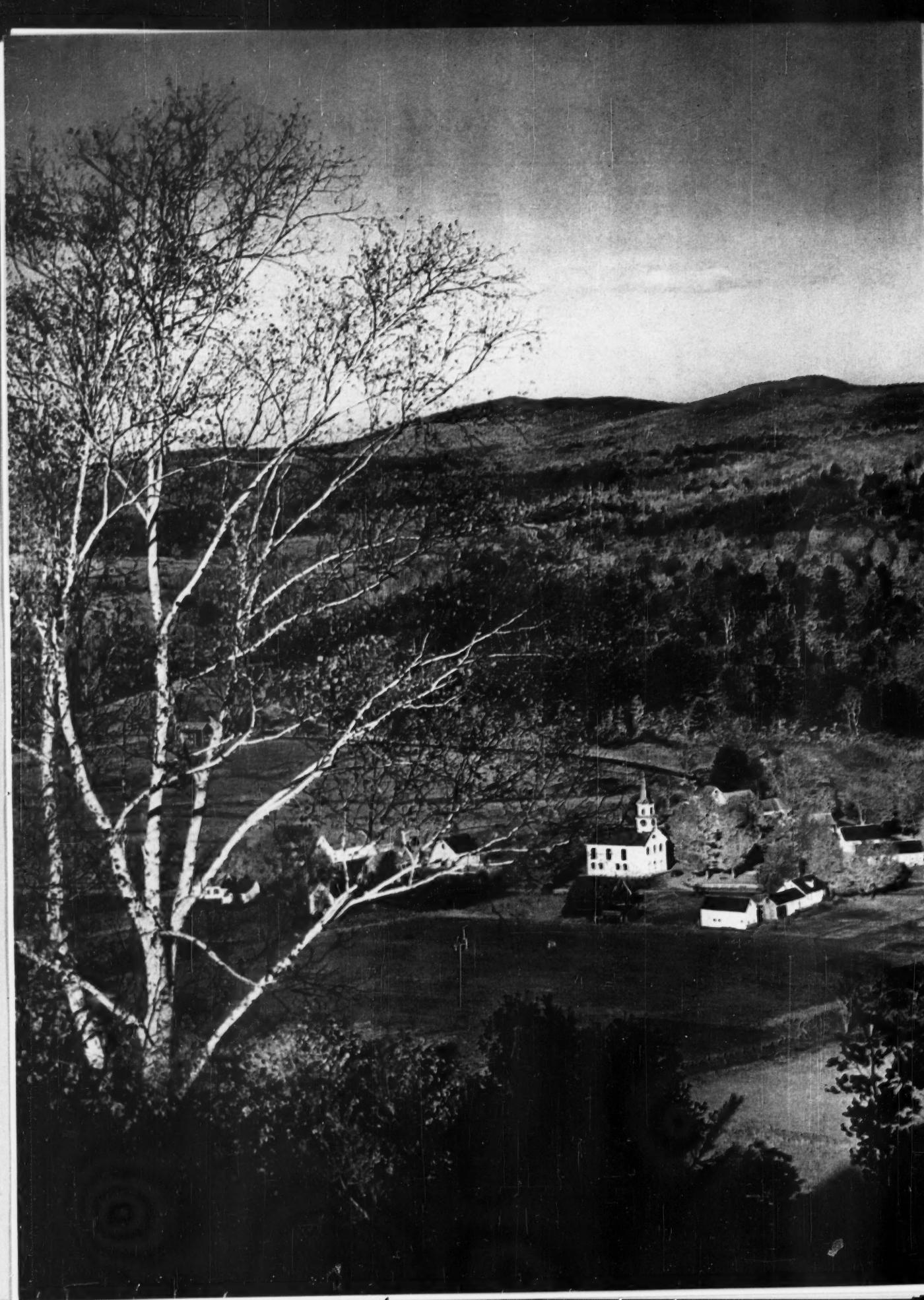
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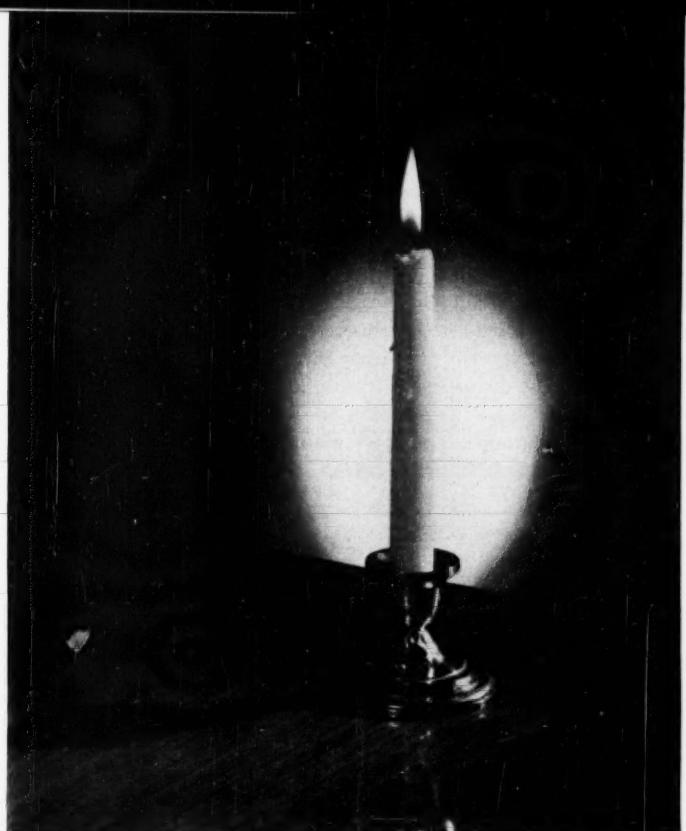
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"IT IS BETTER TO LIGHT ONE CANDLE THAN CURSE THE DARKNESS." AND IT IS BETTER TO INVESTIGATE AND EDUCATE THAN TO LAMENT A LACK OF UNDERSTANDING. HERE IS OUTLINED AN AREA WHERE UNDERSTANDING IS ESSENTIAL; WHERE DARKNESS CAN BE DISPELLED; WHERE BUSINESS MEN CAN LIGHT A CANDLE.

How to Light a Candle

ROBERT W. JOHNSON

Chairman of the Board, Johnson & Johnson

A NEW political age is here. Politicians of both parties are about to discover that salaried people greatly outnumber wage earners and will increase that lead as each year passes. Salaried people are concerned exclusively with management responsibilities or contribute largely to the management process. Add to this group farm operators and the professions, pile on small business people, and the majority figure is overwhelming.

It is strange, though, that we are beset with a "cultural lag." Our sights are still trained on the balance of years ago. Managerial forces were a minority 30 years back, but have increased constantly and steadily since then.

This strong group in our modern society is not yet aware of its strength and as of to-day believes itself an ineffectual minority. This lack of understanding is at the bottom of the twisted and warped political scene that has bedeviled us for a generation.

According to the 1950 Census, the over-all figures are: farmers, 7 million; wage earners, 20 million; salaried and professional people, 28 million. That's the dramatic, cumulative consequence of the advancing industrial age we have lived through.

How did all this happen? And why aren't we conscious of it? It happened in dribs and drabs, in small and large advances here and there throughout the nation

in the years just behind us. We are a mechanical people, but as yet have not realized the effect of modern engineering. Every time we create a machine to do the work of many we dramatize that fact, but fail to realize that the machine adds two or three new specialists to the management classification.

Look around you in the ditch, in the production lines, and in the insurance office. In the ditch you now see a great machine run by a top-flight engineering operator. In production you see great lines of machines operated by professional, skilled helmsmen. In the insurance office you see automatic bookkeeping machines requiring

the services of experts in electronics.

As these developments continue, we are constantly expanding the managerial and technological forces. In many cases wage earners have been upgraded, trained, and taken their places in the new-type management of our day.

It isn't appropriate that business should enter the arena of partisan politics. It is appropriate that business should learn the economic facts of life in its own field and in the broader field of the social economy.

While my studies disclose the presence of this great new majority of middle management and professional people, they also disclose an abysmal lack of understanding on the part of the managerial forces in their grasp of common sense economics.

Insulation from Reality

Among the shocks one receives is that the combination of our technical training in schools and colleges with our specialization in business has resulted in cloistering these forces away from the scene of economic realities. We, therefore, face the dual responsibility of establishing procedures which will result in managerial forces learning these new economic conditions and, through this crusade, encouraging millions of others to play a new rôle in community, State, and Federal affairs. This can best be done in our own business families.

To put it on the line, the public gladly buys the products of business, but constantly votes against the system of incentive enterprise. Right in our own organizations, among people whose very livelihood depends on the continued growth of such enterprise, we find a surprising incidence of this incongruous behavior. The managerial forces are the largest and best equipped group to shoulder the burdens of a defense of our freedoms.

Our job is to teach them that limitations on our incentive economy will have their most devastating effect on themselves. Middle management should, through additional plans of its own creation, understand the threat implicit in the political developments of our time.

Several established companies already have organized small "sound government" groups at the middle management level. Some groups study the rudiments of a sound currency first and morality in government last; others sandwich relevant suggestions in between; still others do it in reverse.

For the purpose of real discussion, these groups should be small (not more than twelve in a group), and from the start realize that the first

a discussion of the menu to the contributive costs of the stove, light, heat, rent, and of course food. After they learned the cost of a meal they had less trouble in understanding the cost of an industrial product.

Some sound government groups discuss insurance, starting with the fact that we Americans have 83 million insurance policies and that these policies are worthwhile to the degree that we maintain a stable currency and an honest dollar. Without an honest

OUR SOUND GOVERNMENT GROUP DOES NOT BACK ANY POLITICAL CANDIDATE AND ITS EFFORTS ARE CONCERNED WITH A POSITIVE PROGRAM THAT DOES NOT FAVOR EITHER MAJOR POLITICAL PARTY. OUR GROUP STANDS FOR:

Fair and just taxation.

A sound dollar.

Integrity in government.

Support of fundamental constitutional rights.

A vigorous two-party political system.

A resourceful and respected foreign policy.

requirement is patience, patience, and still more patience.

Such efforts must be nonpartisan. There is nothing partisan in freedom, independence, and liberty. They are God-given privileges of every citizen in the United States willing to work for them. Sound government can best come from a reorganization of both of our great political parties, each striving for better government. No party has an inherent monopoly on wisdom. Business may undertake this work without fear of partisanship if its programs are in fact nonpartisan.

As soon as these sound government groups are organized, they should start to work. The approach must be simple. As an experiment, I once tried to convey to an adult group the cost of a meal prepared in the home. I learned at the first session that no one knew the cost or how to arrive at it. At the end of seven short sessions we had progressed in simple steps from

dollar worth 100 cents, a policyholder spends his lifetime paying for a security that he never wins. Believe it or not, many do not recognize this.

In the currency field, groups discuss the ever-increasing millions enjoying the benefits of pension plans and relate that to the value of money. Some groups examine into money itself, the impact of an unbalanced budget on an honest dollar, plus the impact of excessive taxation on currency value.

Several examples of positive action on the part of sound government groups have been reported recently. In one instance, speakers explained the economics of the tax situation to approximately 700 members from supervisory staffs gathered in small discussion groups. The effect was electrifying. Many, on their own initiative, contacted senators and congressmen.

Another group formed its own fair
Continued on page 111

Class 8905**MEAT, POULTRY, and FISH**

(Includes: Game Birds; Shellfish; Sausage Casings)

Index No.	Fed. Stock No.	Item Identification	Spec.	Unit of Measure
2	8905-171-1535	ANCHOVY, CANNED: brined; packed in oil		lb.
4	8905-127-4361	BACON, SLAB, CHILLED: sugar has cured, brisket off, grade no. 2, Spec Type A, Style no. 2	Fed PP-B-91b	lb.
6	8905-127-9269	BACON, SLAB, FROZEN: sugar has cured, brisket off, grade no. 2, Spec Type A, Style no. 2	Fed PP-B-91b	lb.
8	8905-128-8725	BACON, SLICED, CANNED: salt cured, smoked, and smoked; 24 oz. or 307 x 30 min. can; Spec Type no. 1	MIL-B-3049a	lb.
10	8905-164-0482	BARRACUDA, FRESH: fillets; Spec Type no. I, form no. III	Fed PP-F-38c	lb.
12	8905-164-0481	BARRACUDA, FROZEN: fillets; Spec Type no. II, form no. III	Fed PP-F-38c	lb.
14	8905-164-0455	BASS, FRESH: sea, fillets; Spec Type no. I, form no. III	Fed PP-F-38c	lb.
16	8905-127-8470	BASS, FROZEN: sea, fillets; Spec Type no. II, form no. III	Fed PP-F-38c	lb.
18	8905-129-0821	BEEF AND PORK LOAF, CANNED: 6 oz., 300 x 200 mm	JAN-B-753	lb.
20	8905-171-1684	BEEF, BONELESS, FROZEN: 4 way, ground, diced, cubes or mucks (dry heat) and cubes or mucks (moist heat), grade B or grade C	MIL-B-100-17b	lb.
22	8905-127-4363	BEEF, CARCASS, CHILLED: grade B or grade C, Spec Type no. I	Fed PP-B-22b	lb.
24	8905-251-8071	BEEF, CARCASS, FROZEN: grade B or grade C, steer or heifer, 400 to 900 lb.; Spec Type no. II, Class no. 1 or 2	Fed PP-B-22b	lb.
26	8905-127-3148	BEEF, CORNED, CANNED: 6 lb. can	MIL-B-903a	lb.
28	8905-127-3147	6 lb. can	MIL-B-903a	lb.
30	8905-128-8720	BEEF, CORNED, CHILLED: brisket, plain or rump, grade A or grade B, Spec Type no. I, II or III	Fed PP-B-196	lb.
32	8905-252-7979	BEEF, DRIED, CHILLED: sliced	Fed PP-B-211	lb.
34	8905-252-7978	BEEF, DRIED, FROZEN: sliced	Fed PP-B-211	lb.
36	8905-127-8220	BEEF LIVER, CHILLED: Spec Type A, Class no. I	Fed PP-L-351a	lb.
38	8905-127-8229	BEEF LIVER, FROZEN: Spec Type B, Class no. I	Fed PP-L-351a	lb.
40	8905-127-4339	BEEF, FULL LOIN, FROZEN: grade B or grade C, Spec Type no. IV, Class no. 1 or 2	Fed PP-B-22b	lb.
42	8905-183-7415	BEEF, RIB, CHILLED: grade B or grade C, Spec Type no. III, Class no. 1 or 2	Fed PP-B-22b	lb.
44	8905-240-0010	BEEF, ROASTED, CANNED: 6 lb., 10 oz., no. 10 wire can	JAN-B-761	lb.

THE SAMPLE PAGE FROM THE SOON TO BE PUBLISHED CATALOG, WHILE SUBJECT TO CHANGE, GIVES AN IDEA OF THE FORM THAT WILL BE FOLLOWED.

A New Catalog
FOR DEFENSE

J. W. FOWLER*Rear Admiral USN (Ret.)**Director, Defense Supply Management Agency*

THEY'RE GOING TO CALL A SPADE A SPADE. THE DEFENSE DEPARTMENT KNOWS THAT DOUBLE MEANING SPELLS DOUBLE TROUBLE. THAT'S WHY IT IS IN THE MIDDLE OF A STANDARDIZATION AND CATALOGING PROGRAM FOR THE MILLIONS OF ITEMS IT BUYS. WHAT WILL IT MEAN TO THE BUSINESS MEN WHO SUPPLY THESE ITEMS?

MODERN government is big business; greater in its scope and intricacy than any of the hundreds of manufacturing corporations which provide the goods to make modern government function.

It necessarily follows that every taxpayer, as a stockholder in this vast enterprise, needs to have assurance that his Government is getting full value for every tax dollar invested. He should know that a tremendous project is now under way and making definite progress in this direction within the agency of the Government which obligates the greatest proportion of defense funds. The military establishment is accelerating the developing of business-like methods.

An efficient business, showing a profit, depends in large part not only upon enterprising leadership, but on a strict control system to make certain that raw materials and equipment are held to a minimum, that servicing of

its products is made simple and uniform through controlled design and distribution, and that production costs are pared wherever possible. The tools to effect these controls of normal business practises are being developed throughout the Department of De-

fense by the Defense Supply Management Agency, created under the Defense Cataloging and Standardization Act passed in the Second Session, 82nd Congress.

The idea of an effective catalog in Government is not new. As early as 1914 the Navy began a Naval Depot Supply and Stock Catalog. In 1929 the Congress provided in the Navy Supply Bill for the printing of a Federal Standard Stock Catalog when compiled and adopted by a Federal Agency to be designated by the President. Eventually the functions of the Federal Standard Stock Catalog Board were transferred to the Treasury Department. Work continued spasmodically until World War II when the demands of internal supply problems caused most Federal Agencies to concentrate on development of their own catalog systems.

In 1945, however, President Roosevelt ordered the Bureau of the Budget to undertake the preparation and main-



HOW MUCH DO SCREWS COST?

Standard screws were found to have many prices according to where and how they were bought. A classic example was a screw that sold for ten cents when purchased as a special item under one specification number; five cents when bought under a different number; and yet the same screw as a standard stock item could be bought in quantity at \$.0072 each.

tenance of a United States Standards Commodity Catalog. Officials of the War and Navy Departments quickly pointed out the urgent need for a uniform catalog system for the Armed Forces. Specific authority to eliminate unnecessary duplication or overlapping in procurement, supply, and related fields in all three military services was granted the Secretary of Defense with the passage of the National Security Act of 1947.

How It Grew

Secretary Forrestal on June 9, 1948, assigned responsibility for policy-making and co-ordination of standard cataloging procedures within the Military Establishment to the Munitions Board. Various difficulties, including lack of funds, hampered development until Congress assigned the responsibility for establishing a Federal Catalog system to General Services Administration which was created to administer federal supply and related matters in 1949.

This law gave the Administrator of General Services the right to redelegate his cataloging authority to the Secretary of Defense. House Concurrent Resolution 97, passed in April 1950, reaffirmed congressional interest in co-ordinating and expediting cataloging between civil and military activities and on July 19, 1950, cataloging authority was delegated by the Administrator of GSA to the Secretary of Defense with the right of redelegation to the Chairman of the Munitions Board. Thus, the Board was provided full authority to develop a Federal Catalog system suitable for inter-departmental supply activities and Government-Industry supply relationships.

The Congress, dissatisfied with progress, held extensive hearings in the Spring of 1952, and on June 24, 1952, passed HR 7405. The Defense Cataloging and Standardization Act, which established the Defense Supply Management Agency. This bill became law on July 1, 1952, and, unlike prior legislation, recognized the close interrelation of cataloging and standardization.

Under the Secretary of Defense, the Agency is charged with providing an economical, efficient, and effective supply management organization within



the Department of Defense through the establishment of a single supply cataloging system, the standardization of supplies, and more efficient use of supply testing, inspection, packaging, and acceptance facilities and services.

Although the law specifies that this activity shall be located within the Department of Defense, it also provides for the co-ordination of the cataloging and standardization activities with GSA thus retaining the concept of a federal program as provided in earlier legislation.

The intent of Congress to keep a sharp eye on progress can be seen in the provisions that the director, who

must be appointed by the President and confirmed by the Senate for a four-year term, shall submit detailed semi-annual reports to the Armed Services Committees of both the House and the Senate. A deputy director, empowered to act for the director in his absence or disability, is to be appointed by the Secretary of Defense.

In compliance with this new law, Public Law 436, a Defense Supply Management Agency has been set up within the Department of Defense, having under its direction an office of Cataloging and of Standardization.

Delegation of Jobs

Functionally, the offices operate as co-ordinating and planning groups, delegating the actual work of cataloging and standardization to the field activities of the Army, Navy, and Air Force which have the technical personnel, as well as day-to-day familiarity with the problems studied, to best perform the tasks. In both offices, specific assignments are made to military activities which are charged, as custodians, to ascertain the views and needs not only of all elements within their own departments but, through specified contact points in the other military services, of all other sub-organizations as well.

This system is proving highly effective in reducing the central workload and insuring the highest technical competence in resolving differences. Final decision, in unresolved cases, rests with the Director of the Office. Maximum co-ordination of effort is effected between the military effort and cataloging and standardization for civil agencies through GSA.

Advisory groups in each of the offices consist of four members, with one member each being designated by the Army, Navy, Air Force, and the GSA. They provide the director of their respective offices with policy, procedural, and program guidance as he requires it.

It may be well at this point to consider the actual responsibilities assigned the Agency by Public Law 436. In the area of cataloging, it is specified that the Agency shall name, describe, classify, and number each item repetitively used, purchased, stocked, or distributed

Continued on page 96



That Far-away Look

ROY A. FRUEHAUF

President, Fruehauf Trailer Company

A SHORT TIME ago, while in Chicago on a business trip, I received a call in my hotel from a tall, rawboned fellow. Although his name didn't ring any bell in my mind, I at once recognized him as a truck driver. (I can spot them a mile away.)

First he discussed old days in Chicago, where he recalled my having sold his boss a trailer when I was beginning my sales training. After a bit of chit-chat, he got around to what was bothering him.

"I've been watching you and your firm for a long time, Roy," he said, "and I don't get it. What's the pitch? Are you branching out into a new line? Getting too big to be selling just trailers? Mixing in politics? Trying to run the whole country?"

"Now, you just jam on the brakes a minute," I said, "and pull up for a red light. What are you getting at?"

"What are *you* getting at?" he answered. "I'm talking about the way Fruehauf is fighting about the different

State trucking laws, the way you're agitating for better roads, hiring college professors to make studies, the way you're mixing in a lot of things that have nothing to do with trailers. Why can't you leave trucking to the truckers and leave the roads to the road builders?"

"Let me answer your questions with another question," I suggested. "You seem to be pretty familiar with what we're doing. Do you agree with the things we're fighting for?"

"Oh, sure," he answered quickly, "but that's not the point. I don't like to see you hurt yourself and your business. After all, your father and your brothers and you built up a big thing. Why risk it all by getting yourself involved in a lot of fights that have nothing to do with your product, trailers?"

"What do you mean—nothing to do with trailers?" I said, a little hot under the collar. "Who owns only a fifth of all the vehicles that use the roads, yet pays a third of all the highway use taxes? The trucker who buys our

*E*XECUTIVES ARE DREAMERS WHO MAKE THEIR DREAMS COME TRUE. THE "FAR-AWAY" LOOK THAT MARKS THE DAY-DREAMER CAN BE A REAL ASSET; ESPECIALLY WHEN IT IS COMBINED WITH A VERY PRACTICAL FOCUS ON THE FUTURE.

trailers! Who has to pay for the crazy quilt of inter-State legislation that hamstrings the entire motor transport industry? The people who buy our trailers! They're our customers—the folks that put us in business and, I hope, will keep us in business!"

"Well, yeah . . ." he said, and I felt he was beginning to see my point. "But take my business. I got my own firm now. Started last January; I truck

for a couple of packing companies. But I don't go around poking my nose into things that concern them and their business."

"Maybe you don't—now," I said, "but suppose to-morrow they started talking about a law that says any packer who ships meat by motor transport has to have every shipment inspected every 50 miles. Suppose they talked about a big tax bite on packers for transporting meat by motor. Would *that* be your business?"

"Oh sure," he said, "that would. But after all, I'm too small to do much about it."

"And with that attitude you have a good chance to *stay small*," I answered. "The business man who to-day wants to amount to anything, to stay with his competitors, has got to learn to look beyond the end of his nose."

I think I can honestly say that when that trucker left me he had a new aspect on things. It must have been the same general outlook that my brother, Harvey, who is now Chairman of our Board of Directors, had in the early days of our business.

It was back around 1915, I guess, that Harvey talked my dad into spending \$50—no insignificant sum of money for my folks, or any folks, at that time—for an advertisement. I think we can say the Fruehauf attitude toward public relations had its inception at that time.

What had happened was this. A man named F. M. Sibley, who was in the lumber business in Detroit, wanted to transport a boat into the northern part of the State. He approached my father, who was a blacksmith by trade and a wagon-maker by avocation, and asked if he could make up some sort of wagon that could be hitched on to the rear of a Ford Model-T roadster to hold the boat.

My father guessed he could make it, all right, and went right to work. The result was a simple four-wheeled platform job and Mr. Sibley seemed to be pleased with the way it did the work. His satisfaction was obviously warranted, for that very same trailer may still be seen in service at the Sibley lumberyard in Detroit! I must admit, however, that it has gotten a bit rusty.

That first trailer exemplified a principle my dad was always happy to expound, a principle that has become the cornerstone of the present Fruehauf business. As expressed in blacksmith-and-wagon-maker terms, it was: "A horse can pull more than he can carry." Translating this into motor age lingo was a very simple matter, of course.

Birth of a Business

And that's where Harvey came in. My oldest brother decided you could build a pretty sound advertising campaign based on that elementary theory and convinced my dad it was worth while. So they bought \$50 worth of space in the American Lumberman announcing that Fruehauf stood ready to build trailers for autos and trucks. We were in business.

My father expected more for his \$50 than he may have had a right to, for he began pestering Harvey about results even before the magazine had been published. Harvey tried to assure him there was no guarantee of results even after the magazine was out. Just the same, as the ads continued, inquiries did start to come in. Orders came in, too, and the "office staff"—typist hired by the hour whenever there

was any correspondence necessary—had an occasional busy day. Harvey, who had been hanging around the shop since he was a tiny tyke, now began seriously to take over the "front office" end of the business.

It's interesting to note, on examining the growth of a business, how many elements entered into the success of that business. The main things are, of course, turning out a good product, making certain it remains good and standing back of it in case it doesn't stand up. In this connection, it's a fair question to ask what happened to most of the wagon and blacksmith shops that flourished around the turn of the century.

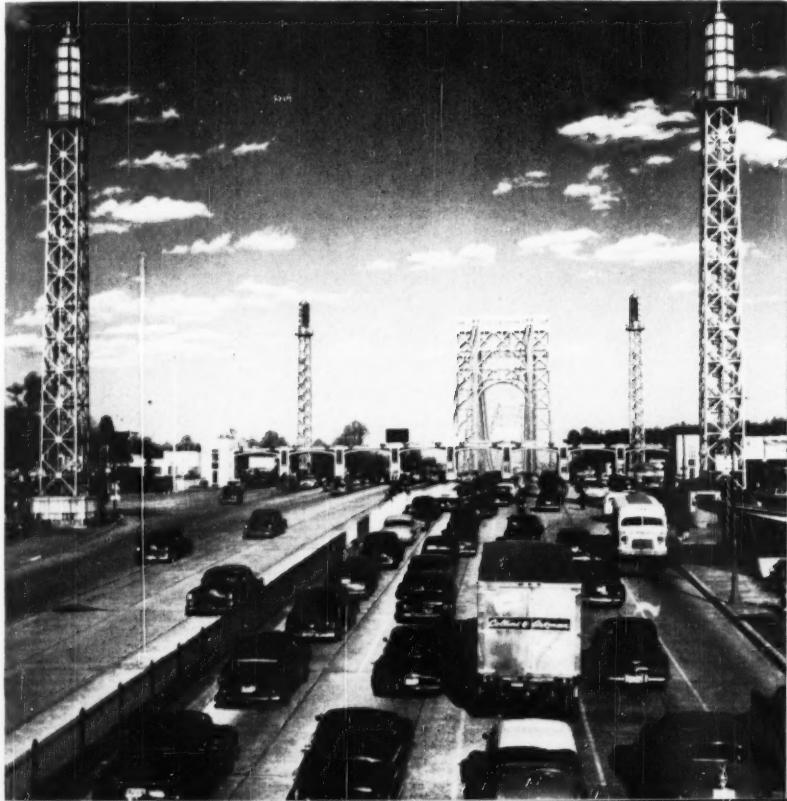
Most of them passed on because they failed to look far enough ahead, failed to anticipate the requirements of either their customers or the times. New people were entering the fields they had considered their own; new ideas were being born as to how to do better the things they had been doing sufficiently well for the framework of the times they existed in.

A need for greater transportation facilities grew out of the end of the First World War. To meet this de-

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The approach to the George Washington bridge looks like any other stretch of highway. The man who doesn't see beyond his front bumper can cross some rather important bridges without realizing it. Business men, too, will find it pays to look ahead.

DEVANEY PHOTOGRAPH





DEVANEY PHOTOGRAPHIE

WHAT ARE PROFITS?

DON KNOWLTON

Hill & Knowlton

*F*OR THE LAST decade specialists trained in the technique of getting unbiased opinions have been asking people, "How much profit do you think industry makes?" The answers, to anyone knowing the actual facts, have been astounding.

The general public apparently thinks industry makes a profit of 25 per cent. Some people say 30 per cent. In 1950 a typical class of high school seniors said "Over 50 per cent!"

According to the National City Bank of New York, the annual profit of all manufacturing corporations in the United States from 1927 to 1943, after paying taxes, averaged 2.9 per cent on sales—5.9 per cent on net worth.

The United States Department of Commerce says that in 1949 all corporations in the country averaged a profit of 5.3 per cent on sales. A survey of 46 concerns, chiefly industrial, made in Youngstown, Ohio, showed that on

*F*HICK BANKS OF SMOKE OFTEN REFLECT INDUSTRIAL ACTIVITY, BUT SMOKE SCREENS CAN ALSO PRODUCE POPULAR MISCONCEPTIONS. PROFITS, WHEN VIEWED THROUGH A CLOUD OF SMOKE, MAY LOOK LIKE STACKS OF COINS, AND YET IN REALITY THEY MAY BE MACHINES, BUILDINGS, OR THE VERY STACKS FROM WHICH THE SMOKE IS POURING.

a volume of business totalling over \$5 billion in 1951, these companies earned an average profit, after paying taxes, of 5.8 per cent.

Apparently everybody thinks profits are about four times larger than they actually are. They are sure "profits are too big." And from this misconception, follow conclusions such as:

If profits are too big, there is an unfair division of the fruits of labor. Owners and management should get less, and the workers should get more. The obvious solution is Government regulation. In fact, it may be necessary for Government to take over steel, oil, electric power—perhaps banking and insurance, too.

In view of the inordinate size of profits, there must be something crooked about the way big companies do business. Prices are not determined by open competition, but manufacturers set prices where they please; companies are working in collusion to keep prices high. Most big industries are monopolies.

If the owners and the bosses are getting too big a share and the employees too little, why work harder? Why install improved equipment that will help a company make more money? In-

Continued on page 78

*E*VER BEEN TOO BUSY TO HEAR HOW TO SAVE A FORTUNE? EVER FAILED TO LISTEN TO A PRICELESS IDEA? THEN IT IS TIME TO TAKE OFF THE BLINDEFOULD AND THE EAR-PLUGS. HERE IS HOW THE INSULATION CAN BE REMOVED. HERE IS THE INVESTMENT REQUIRED AND THE DIVIDENDS THAT CAN BE DECLARED.



SUCH AN EXECUTIVE AT WORK! COMPLETELY INSULATED FROM IDEAS, HIS MIND HAS AT LAST COME TO THE END OF THE BLIND SLEEVES CREATED BY HIS OWN "ISOLATIONIST" POLICY. JUST ONE NEW IDEA COULD START HIM OFF ON OTHER PATHS, BUT NEW IDEAS AREN'T BORN IN IVORY TOWERS.—DEVANLY PHOTOGRAPH.

Insulated from Ideas?

GEORGE T. TRUNDLE, JR.
President, *The Trundle Engineering Company*

*D*O YOU HAVE an "outsiders' suggestion box" in your office?

This box has no top or bottom or sides. Its sole dimension is the receptiveness of your mind. Yet this box, a most effective and easily acquired management tool, is being passed up by a large segment of American industry and business. While its value is not easily measurable, it has been known to yield returns from just a few pennies to many millions of dollars at a comparatively negligible cost.

Management spends much money on legal counsel, public relations counsel, advertising counsel, insurance and investment counsel, and neglects this almost free service.

Are you and your firm missing the boat on this one?

The operation of this tool is based on the willingness of executives to see people who call at the office or the plant and to give generously of time. Management, coping with the daily problems of reducing costs and increasing profits, feels that it can't take the

time from that chore to give to others. Yet it is these "others" who may hand to management the solutions to the problems besetting it.

The foremost contributor to this suggestion box is the legion of America's salesmen. It is from these salesmen and the other outsiders that some executives have built up an ivory tower

The pavement-pounding, door-rapping, sample-toting, catalog-carrying gentry gather and disseminate information with greater speed and effect than the newspapers, trade journals, radio, and television. Salesmen are the inter-communication system and the weathervane of business.

Many of them, perhaps most of them, are not college graduates. But they know and understand their products. They can talk sensibly and technically about machine design with industrial engineers; quality and market values to buyers of hard and soft goods; viscosity, luminosity, and processing in inks or oils or paints. But most important to you is that they know how other companies are meet-

ing matching problems; what other dry goods and notion stores are promoting and selling; what other printers and painters are doing for better tones and finer finishes. The salesman's knowledge is born of daily, practical application of his product to varying circumstances of each plant, wholesaler, retailer, or processor.

A tavernkeeper ordered only ten cases of beer instead of the usual twenty. The driver-salesman told him that Joe's up the street and Charlie's down the street also had a drop in business. The tavernkeeper doesn't feel bad now because he knows that the condition is general on the street, not just in his place.

This information settled a problem. For a week our barkeep was wondering whether or not to lay off some of the help. He was slow in doing it because he feared that he would be caught short of waitresses if business in his place suddenly improved. But the salesman also told him that Joe and Charlie had laid off some help. And Joe and Charlie had also cut their

orders to avoid tying up too much cash in slow moving inventory. They will order when they need stock.

Here the driver handed the barkeep tangible dollars and cents savings in labor costs. Perhaps \$40 and the 1.5 per cent social security each week may not be much to a large corporation. To the small retailer, it represents a large percentage of his labor costs. In large industries, multiply that a hundred or a thousandfold and the savings that a salesman's information can give you becomes a formidable figure.

Take time and talk to the fellow selling sheet steel in Cleveland and the gent peddling a girdle line in Lansing, Michigan, or ladies' ready-to-wear in Big Spring, Texas, and you'll get a picture of the nation's economy and a feeling of the cross currents of trade.

The girdle salesman and the steel salesman meet in the lobby of a Toledo hotel. They buy each other a drink, play cards or go to a movie. And the girdle salesman learns what's what in steel while the steel salesman knows about the pinch in girdles.

Salesman Sam might not be able to talk to top management in terms of marginal income and amortization, and he gets lost in the shuffle in the talk of "debentures went at 100.20 for a 3 1/8 coupon, a net interest cost of 3.65 per cent . . . coupons are a com-



DEVANEY PHOTOGRAPH

He's got free samples. They won't come out of the brief case, they're not in his pockets, but he won't leave without giving some away if he only has the chance. His samples are words and ideas and they may be about anything under the sun. Maybe he has some we can use.

bination of 4s, 2 1/4s and 2.40s"

But he knows the answers when the talk gets to the man-in-the-street level. And if Macy's doesn't tell Gimbel's, Gimbel's will learn soon enough when Sam calls.

A segment of top management, the thinking and idea generating department of industry and business, has in-

sulated itself from the salesman as effectively as a vacuum stops sound. If these men would remove the vacuum and allow some of that noise to penetrate to their inner sanctums, they might well be rewarded with some valuable information.

Let's take a look at this situation from both sides—our company as both a salesman and a buyer.

Representatives of our company have been granted interviews with 90 per cent of the persons on whom they have called. But there is a core of 10 per cent which remains practically unapproachable. Because of the nature of our business, we deal primarily with top management. We know that for representatives of other businesses this core is even greater and seldom less.

Our salesmen don't close contracts on every call they make. Who does? We'd like to learn, too. But we do appreciate greatly the give and take between our representatives and top management. We learn as we go and hope that we, in turn, leave behind us a little knowledge in exchange.

It has long been our belief, based on the experience gained over the years that, while actually working on a job, nine-tenths of the ideas are those of management's organization. We supply the one-tenth which helps make the nine-tenths work. That's our business. But there remains that core of executives who, because of their isolation, fail to enter into the give and take with us and others long before the talk of contract is reached.

Then there are those companies that make our representatives and those of every other firm very welcome. The reception at the National Supply Company of Pittsburgh and the Buckeye Tool Corporation of Dayton, Ohio, is very hospitable. Motor Products Corporation of Detroit offers callers a phone, a radio, stenographic help, a directory of the company, and little delay in seeing the executive being called on.

The Pure Oil Company's Chicago
Continued on page 71

"A penny for your thoughts" could cost a small fortune if the invitation were extended to everybody. At that, it might be worth it. But how much better it is when the thoughts cost only a few minutes of the day. Even a city street can be a fertile field growing with ideas.

DEVANEY PHOTOGRAPH



Fourteen Important Ratios

WHOLESALING AND RETAILING

THESSE GUIDEPOSTS, DESCRIBED IN MORE DETAIL ON PAGE 77, HAVE BEEN COMPILED ANNUALLY SINCE 1931 BY ROY A. FOULKE, VICE-PRESIDENT, DUN & BRADSTREET, INC. SIMILAR RATIOS FOR 36 MANUFACTURING LINES WILL APPEAR IN THE DECEMBER NUMBER OF DUN'S REVIEW.



DUNN'S PHOTOGRAPH

Fourteen Important Ratios

Line of Business (and Number of Reporting Concerns)	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Net Tangible Net Worth	Net Profits on Net Working Capital	Net Sales to Tangible Net Worth	Net Sales to Net Working Capital	Average Collection Period	Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth	Inventory to Net Working Capital	Current Debt to Inventory	Funded Debts to Net Working Capital
	Times	Per Cent	Per Cent	Per Cent	Times	Times	Days	Times	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Clothing, Men's and Boys' (166)	9.22 3.78 2.35	7.60 2.91 1.12	16.41 6.52 2.42	20.73 8.65 3.07	3.23 2.41 1.86	3.67 2.90 2.56	** ** **	4.6 3.4 2.3	4.0 9.0 12.8	3.9 10.9 75.1	40.3 93.1 139.8	56.4 84.3 117.7	20.7 49.3 68.8	21.3 31.2 66.4
Clothing, Men's and Women's (88)	7.20 3.85 2.25	10.35 3.87 0.38	17.00 7.61 0.63	23.05 14.40 1.45	3.49 2.70 1.66	4.91 3.61 2.02	** ** **	6.7 4.4 3.1	5.8 16.9 40.5	14.2 27.7 46.9	49.4 74.3 155.4	54.7 74.8 103.5	30.5 52.4 82.6	12.6 34.5 60.3
Department Stores (355)	5.54 3.64 2.51	3.27 2.40 1.22	9.32 6.64 4.13	14.58 10.08 5.30	3.84 2.72 2.29	5.30 4.10 3.20	** ** **	7.5 6.1 4.8	11.3 24.9 46.5	15.9 26.9 41.7	39.9 59.5 90.2	50.0 66.5 88.9	36.5 61.3 92.2	14.7 31.5 56.7
Furnishings, Men's (51)	12.86 4.97 2.60	7.85 3.53 1.33	13.48 8.79 3.16	20.75 10.34 4.10	3.23 2.36 1.56	4.46 3.41 1.87	** ** **	4.2 3.0 2.5	4.7 14.8 29.5	7.4 19.5 53.7	38.2 58.8 157.6	56.3 88.7 133.6	20.1 35.6 61.9	26.2 50.9 93.7
Furniture (58)	5.45 3.15 2.49	7.26 3.01 2.01	13.63 8.00 5.52	20.53 10.07 6.15	3.22 2.48 1.67	5.45 3.16 2.29	** ** **	5.1 4.2 3.1	3.8 10.7 27.2	15.0 30.0 53.1	33.5 53.9 83.9	49.6 78.0 109.5	36.5 58.1 80.4	7.2 24.1 58.6
Furniture, Installment (134)	6.75 4.02 2.30	6.26 3.45 0.88	11.69 5.69 2.18	13.43 6.55 2.00	2.84 2.09 1.38	2.94 1.42 1.72	96 4.3 2.9	5.6 14.7 30.1	3.5 16.1 30.1	34.2 76.1 71.0	39.4 46.6 106.0	47.0 83.5 66.0	9.3 20.6 140.5	26.2 37.8
Groceries and Meats, Independent (57)	3.59 2.04 1.39	1.61 0.93 0.36	14.85 8.84 4.69	32.97 20.67 11.47	12.88 7.70 5.49	30.32 17.18 11.58	** ** **	16.7 12.8 10.7	30.3 51.2 86.7	22.4 52.7 77.8	61.4 91.1 120.5	76.8 128.2 246.4	54.7 75.0 110.4	20.9 55.5 94.2
Hardware (46)	9.82 3.79 2.33	8.91 4.35 1.60	14.14 8.89 4.87	19.85 12.11 7.05	3.89 2.63 1.63	4.64 3.33 2.29	** ** **	4.2 3.8 3.0	6.7 19.1 34.6	8.1 24.1 60.5	47.2 74.4 157.1	62.8 87.3 123.5	19.7 39.5 63.8	23.4 26.4 51.1
Lumber (29)	5.92 3.29 2.25	4.63 2.05 1.29	13.14 8.51 3.17	14.15 10.63 1.64	5.51 3.09 2.55	6.04 3.93 6.2	31 49 3.1	8.9 5.5 3.1	9.2 16.5 29.9	16.7 28.6 60.9	67.2 87.1 105.0	58.7 71.8 103.3	29.5 67.7 87.8	16.5 26.2 39.2
Lumber and Building Materials (132)	5.92 3.50 2.26	4.13 2.79 1.53	12.44 8.29 5.54	16.85 10.91 7.56	3.78 2.85 2.14	6.11 3.81 2.72	29 48 71	6.3 4.8 3.8	13.1 18.9 32.6	17.8 31.0 68.2	45.0 72.7 105.2	55.1 72.2 101.0	32.5 52.1 92.1	5.8 16.1 33.2
Shoes (80)	4.79 3.00 2.19	5.08 2.56 1.08	15.01 7.54 3.52	34.97 10.07 5.10	5.33 3.45 2.09	7.89 4.73 2.53	** ** **	5.9 4.2 2.9	5.2 11.8 30.1	19.5 36.0 58.2	41.9 76.1 92.7	79.0 105.3 152.2	29.2 44.2 67.9	16.8 30.7 50.6
Women's Specialty Shops (201)	5.39 3.05 2.09	6.74 2.46 0.45	15.66 6.38 1.55	23.58 2.84 2.86	4.28 4.69 1.81	6.50 4.69 2.44	** ** **	10.9 7.4 4.6	8.5 16.5 32.1	16.0 44.2 60.9	44.2 82.6 124.9	38.2 59.4 88.7	53.0 89.0 131.0	9.5 42.7 55.9

DEPARTMENT STORES—BY SIZE (TANGIBLE NET WORTH) CLASSES—MEDIAN ONLY

Under \$200,000	4.15	2.21	7.07	9.45	3.20	3.77	**	4.9	19.2	21.6	71.7	76.2	44.6	31.6
\$200,000-\$500,000	3.85	2.83	8.29	10.36	2.87	3.49	**	6.4	17.9	25.4	28.6	67.4	50.8	30.9
Over \$500,000	3.19	2.21	5.84	9.54	2.63	4.38	**	6.7	33.2	29.1	55.1	60.3	72.5	20.2

DEFINITIONS OF TERMS APPEAR ON PAGE 77

** Not computed; necessary information as to the division of sales between cash sales and credit sales was available in too few cases to obtain an average collection period which could be used as a broad guide.

† Loss.

Fourteen Important Ratios

Line of Business (and Number of Reporting Concerns)	Current Assets to Current Debt	Net Profits on Net Sales	Net Profits on Tangible Net Worth	Net Profits on Net Working Capital	Net Sales to Tangible Net Worth	Net Sales to Net Working Capital	Average Collection Period	Net Sales to Inventory	Fixed Assets to Tangible Net Worth	Current Debt to Tangible Net Worth	Total Debt to Tangible Net Worth	Inventory to Net Working Capital	Current Debt to Inventory	Funded Debts to Net Working Capital
	Times	Per Cent	Per Cent	Per Cent	Times	Times	Days	Times	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
FOR 24 WHOLESALE TRADES—1951—MEDIAN AND QUARTILES														
Automobile Parts and Accessories (182)	4.52 3.09 2.24	4.40 2.89 1.71	16.35 10.78 5.47	22.53 15.15 8.46	5.00 3.52 2.47	6.94 4.86 3.55	25 31 38	6.2 4.9 3.8	6.0 12.3 31.6	20.3 37.2 62.7	41.4 65.3 99.9	66.8 87.6 112.9	37.9 56.5 80.2	10.6 21.6 50.8
Automobile Tires and Tubes (25)	3.32 2.23 1.78	5.48 4.50 3.68	31.93 18.14 13.55	49.83 30.02 25.38	6.03 4.38 3.10	8.57 6.79 4.92	18 31 46	13.4 6.9 4.3	10.1 16.0 39.9	28.6 62.7 103.3	15.2 58.9 69.1	62.5 95.6 128.4	68.6 91.4 158.9	3.2 15.9 79.5
Butter, Eggs, and Cheese (32)	4.36 2.19 1.72	1.77 0.69 0.66	14.69 8.58 6.19†	28.59 11.72 10.27	18.33 13.37 13.64	20.81 18.48 10.27	14 19 33	71.7 32.6 21.7	4.3 11.3 10.5	26.2 56.1 111.3	53.0 70.8 171.2	28.3 54.7 90.5	8.5 131.6 263.1	27.9 47.0 103.7
Cigars, Cigarettes and Tobacco (83)	3.57 2.23 1.77	0.67 0.42 0.21	12.79 5.90 2.66	13.76 7.94 3.31	16.97 12.72 8.44	28.75 16.20 11.83	12 20 26	36.0 23.8 15.4	5.0 12.6 30.1	26.3 62.5 91.0	83.8 108.3 140.1	53.6 79.3 113.7	7.5 103.5 147.5	15.0 34.0 71.6
Confectionery (23)	12.10 3.79 2.17	0.56 0.46 1.48	7.47 3.17 1.94	8.55 3.93 3.70	14.90 9.21 5.79	21.04 13.49 17.5	15 18 20	34.2 17.5 13.5	9.2 16.9 21.8	11.0 30.0 64.1	35.9 50.6 65.3	26.0 52.2 106.5	17.8 73.4 119.8	1.2 18.6 19.4
Drugs and Drug Sundries (61)	3.91 2.82 2.13	4.76 2.38 1.75	22.77 12.15 8.34	29.57 12.29 8.88	6.46 5.10 4.04	7.35 5.84 4.69	21 32 37	8.9 6.2 5.3	4.4 8.6 20.5	33.0 46.2 78.6	52.7 67.2 93.7	71.5 88.1 105.5	42.2 60.9 95.7	7.5 15.0 31.4
Dry Goods (154)	7.01 3.57 2.27	3.77 1.50 0.80	13.55 5.91 3.12	15.36 6.91 3.97	5.45 3.06 3.05	6.08 4.45 3.31	31 42 58	9.2 6.9 5.1	1.3 4.2 10.1	14.9 31.5 64.1	42.9 69.2 106.7	44.7 67.3 94.6	12.0 63.3 89.3	12.2 17.4 34.3
Electrical Parts and Supplies (117)	3.20 2.50 1.94	3.43 2.21 1.51	17.10 12.23 7.93	21.01 13.21 9.58	7.02 4.90 3.07	9.07 5.77 4.59	30 36 44	10.9 6.8 4.7	5.4 10.8 89.5	36.5 56.1 91.0	58.4 82.9 111.9	62.7 89.9 107.6	54.5 81.7 107.2	6.6 16.4 31.2
Fruits and Produce, Fresh (54)	8.21 2.74 1.76	2.54 1.02 0.73	16.93 8.78 6.13	35.86 20.88 8.95	12.09 9.18 6.47	23.62 17.56 9.28	12 18 34	8.49 42.7 14.6	9.7 22.6 42.4	23.9 29.9 59.1	16.0 49.6 87.6	42.7 36.8 74.6	119.1 125.0 247.1	7.4 32.5 125.0
Furnishings, Men's (31)	7.25 4.06 2.52	3.60 1.79 0.56	16.85 6.05 1.85	24.17 2.97 1.91	5.20 2.97 2.46	7.02 6.23 4.74	36 39 64	10.6 6.4 4.7	1.2 16.6	12.6 60.0	33.9 61.7 77.8	33.9 65.3 85.5	31.2 55.0 44.4	26.2 38.3 44.4
Gasoline and Lubricating Oil (46)	3.30 1.98 1.52	2.58 2.26 1.53	14.77 10.09 7.70	53.17 35.42 21.19	7.85 5.83 3.09	23.00 13.31 9.59	19 28 44	26.7 31.1 10.5	17.5 42.1 69.2	22.5 39.6 81.3	44.3 78.2 99.5	47.7 99.7 154.6	92.4 137.9 195.5	14.4 29.5 99.5
Groceries (282)	4.13 2.65 2.05	1.54 0.80 0.42	11.02 7.78 4.10	14.29 9.03 4.52	10.97 7.34 4.87	10.99 8.83 6.19	12 16 21	11.4 8.8 6.7	6.7 13.7 25.3	23.4 45.9 76.2	59.7 92.9 145.6	78.5 105.4 141.6	33.1 55.1 75.3	1.0 26.2 41.7
Hardware (164)	4.51 3.06 2.37	4.21 2.84 1.68	12.18 8.88 6.84	14.57 10.54 7.69	4.63 3.23 2.54	5.29 3.23 3.24	22 28 35	5.0 3.8 3.2	1.2 11.6 21.4	21.9 39.8 64.4	38.2 68.9 90.9	82.4 97.1 119.7	33.6 48.6 66.2	6.3 15.8 25.4
Hosiery and Underwear (47)	8.97 4.52 2.51	4.39 1.76 0.54	15.05 6.72 1.97	17.16 8.81 2.06	5.62 3.76 2.45	4.42 3.76 2.98	31 42 53	10.3 7.0 4.9	0.8 2.2 49.0	11.1 23.1 99.3	25.2 43.5 78.9	37.2 52.5 90.0	32.0 53.3 48.0	1.7 11.1 31.2
Household Appliances, Electrical (122)	3.24 2.34 1.76	2.68 1.82 1.14	15.68 11.73 6.16	17.60 14.19 6.91	8.04 6.34 4.59	10.25 7.85 5.94	25 33 40	11.5 8.9 6.0	4.5 8.6 17.9	6.9 50.8 98.2	64.8 106.8 184.3	62.9 86.9 109.7	62.3 85.2 110.5	1.3 24.0 39.7
Jewelry (48)	4.93 3.30 2.17	3.59 2.03 1.12	14.54 5.40 3.78	16.38 6.32 3.94	4.37 3.35 1.81	4.89 4.24 2.01	35 53 79	8.8 4.6 3.6	2.2 3.8 7.3	51.7 37.6 75.3	46.6 95.3 144.8	45.6 75.0 94.8	32.0 72.7 109.6	1.5 25.3 45.0
Lumber (100)	5.62 2.88 2.07	3.32 1.63 0.78	16.47 13.39 7.10	22.55 16.54 8.92	13.84 7.76 3.70	16.66 12.25 5.18	22 29 43	8.6 6.7 5.8	2.6 11.1 16.6	10.0 7.7 70.6	38.0 59.5 70.6	38.0 80.4 115.9	46.6 72.4 112.4	1.5 28.7 38.4
Lumber and Building Material (76)	5.47 3.24 2.28	3.65 2.78 1.58	15.89 12.04 10.05	18.28 15.28 8.29	5.63 4.39 3.82	7.42 6.17 4.7	22 31 47	10.0 6.1 5.4	7.3 16.5 26.9	29.4 34.6 57.7	29.4 86.6 111.2	48.2 65.7 109.7	38.2 56.6 66.6	5.9 17.5 36.6
Meat and Poultry (38)	3.88 2.10 1.60	1.45 0.42 0.01	11.34 5.45 0.70	15.11 11.38 0.95	13.48 8.07 2.86	40.40 13.92 7.26	9 24 42	55.2 42.1 23.0	8.0 24.8 60.5	22.1 59.3 119.9	75.7 92.6 179.3	32.9 75.4 109.8	6.3 131.1 244.7	24.7 43.6 81.6
Paints, Varnishes, and Lacquers (27)	4.17 2.98 2.19	3.78 2.11 0.19	9.06 6.62 6.60	22.86 9.44 4.36	4.91 3.31 3.20	4.01 4.26 5.0	28 32 32	7.4 5.5 5.0	5.5 18.9 33.0	21.5 32.9 50.2	60.8 44.4 111.3	60.8 82.3 108.1	42.7 61.4 63.6	8.3 26.7 63.6
Paper (121)	4.06 2.68 2.03	4.57 3.24 1.62	20.93 12.44 10.08	25.24 15.67 2.95	7.15 5.60 4.98	10.74 6.39 37	24 29 49	4.9 6.6 7.1	27.2 47.0 25.9	56.1 76.5 71.6	54.1 83.8 127.9	49.9 73.7 106.8	5.5 18.1 28.3	3.5 28.1 38.4
Plumbing and Heating Supplies (123)	5.19 3.03 2.15	4.37 2.76 1.74	16.50 11.86 6.76	21.20 13.85 8.64	5.13 3.95 2.69	6.40 4.90 3.31	27 34 46	7.3 4.9 3.8	7.4 13.9 24.1	19.0 40.8 68.5	41.2 68.2 94.9	70.6 88.2 107.5	30.5 59.2 80.3	10.4 17.6 23.1
Shoes, Men's, Women's, and Children's (54)	7.54 3.52 2.43	3.42 2.47 0.70	17.19 11.67 3.52	19.65 11.91 3.43	6.47 4.95 3.48	6.59 5.77 3.72	27 39 75	5.7 3.2 5.4	1.0 3.2 8.4	15.7 31.5 67.2	35.7 47.3 181.4	42.0 56.4 77.8	31.2 74.4 108.5	2.8 20.3 35.1
Wines and Liquors (42)	3.06 1.90 1.54	1.31 0.66 0.42	9.15 4.87 2.37	12.89 7.40 4.42	8.64 6.68 6.83	11.35 9.49 9.6	26 10.2 2.17	2.8 6.1 12.2	32.1 9.5 6.1	74.5 68.4 122.9	47.3 102.2 128.0	42.0 93.8 136.0	3.9 24.1 65.2	3.9 20.3 21.1

THE TREND OF BUSINESS



PHOTOGRAPH BY RUTH BLOCK FROM CUSHING

PRODUCTION
PRICES . . .
TRADE . . .
FINANCE . . .

A record number of workers scurried to their places in the stores, offices, and factories each morning this Fall, while at some plants the heavy production schedules required night shifts. Many stores stayed open two nights a week in order to attract the shoppers who were enjoying record incomes. Prices fluctuated mildly. Business failures declined.

WITH PRODUCTION and employment at post-war peaks, the business picture in mid-October looked as bright as the Autumn leaves. Many of the important indicators of business activity had risen markedly from the Summer doldrums and were expected to move still higher in the weeks ahead.

While an upsurge in the production of many durable goods accompanied the return to capacity operations at the steel mills in August, the output of nondurables also increased noticeably. A sharp upturn in petroleum refining and the production of coke pushed fuel output up to peak levels. The intensified activity at textile and paperboard mills reflected more than the usual seasonal increase in orders.

There were about 553 thousand cars and trucks produced in September, or twice as many as in either July or August when production was restrained

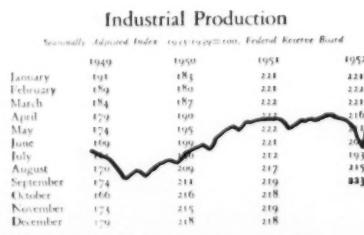
by the steel strike. Compared with a year ago, automobile production in September was up 13.2 per cent. While changes to 1953 models were cutting some production schedules, many automobile industry observers thought that October output would exceed September's.

Steel ingot output continued to rise. Spurred by the backlog of demand accumulated through the strike-torn Summer months, mills were pouring out steel at the rate of over 9 million

tons a month in September; this high level was maintained in the first half of October.

Former fears of a dearth of iron ore, because of the Summer shipping stoppage on the Great Lakes, were largely allayed by mid-October. It was estimated that sufficient quantities of ore would be stockpiled before the Winter ice blocked the waterways. The continuation of rail shipments during the steel shutdown resulted in some accumulation of stocks this Summer. Ore shipments in the Lake Superior region jumped about 8 per cent above the year-ago level after the strike settlement. Total shipments from January to mid-October were roughly 26 per cent below the year-ago level, however. The recent addition of several new ore carriers to the Great Lakes fleet should facilitate further gains.

Reflecting the earlier reduction in



THE TREND of BUSINESS

PRODUCTION

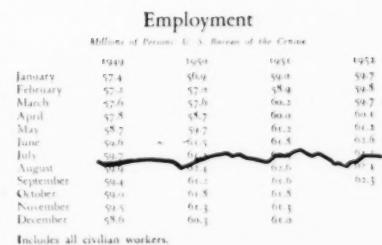
PRICES

TRADE

FINANCE

inventories and an expansion in consumer buying, there was a noticeable increase in the production of television sets and major household appliances in September and early October. Production in the machinery and transportation equipment industries quickened considerably.

The clanging of hammers rang through the land as the building industry maintained its fast pace. Total new construction in September, valued at \$3.1 billion, was about at the previous month's level, but 6 per cent above a year ago. While this was the third consecutive month the total exceeded \$3 billion, it was expected that a seasonal decline might bring a reduction in construction expenditures in the Winter months. This was presaged by the August dip in building permit values; an indicator that often precedes



by two or three months the movement of construction activity.

Employment With the start of the new school term, students generally gave up their temporary Summer jobs and withdrew from the labor force. There was a decline in both employment and unemployment in September. The jobless, at 1.4 million, were less numerous than they had been at any time since the

busy War days in 1944. While total employment, at 62.3 million persons, was fractionally below the August level, it was 1 per cent above a year ago.

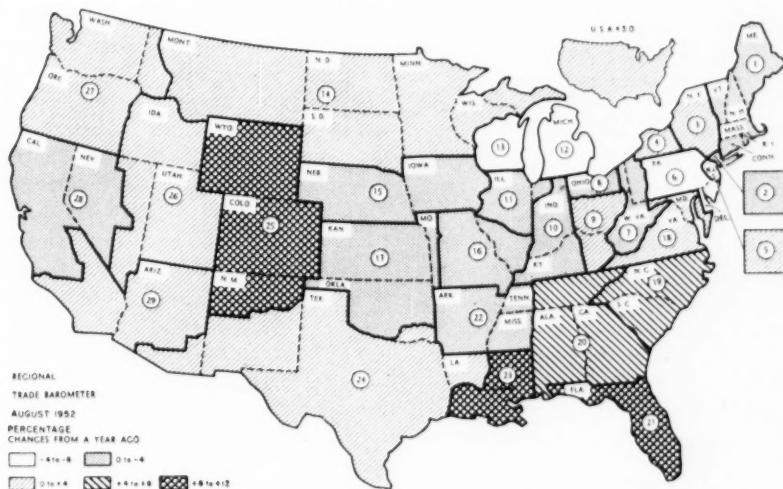
High activity in manufacturing and construction helped to reduce unemployment. With cotton picking and the corn harvest in full swing in September, there was a noticeable rise in the number of farm workers. Both initial and continued claims for unemployment insurance continued to decline. Largely reflecting an improvement in business conditions, unemployment claims decreased very noticeably in New York, Illinois, New Jersey, and Tennessee; in these states there were reductions of more than 5,000 in the number of weeks' compensation claimed.

Income Reflecting slight increases in both the length of the work week and average hourly earnings, the average factory worker's pay rose somewhat in August and early September. Because the steel consuming industries had not fully recovered from the effects of the strike, neither working time nor wage rates in many of the durable goods industries quite reached the pre-strike levels. Weekly pay in both durable and nondurable factories, however, was noticeably above a year ago.

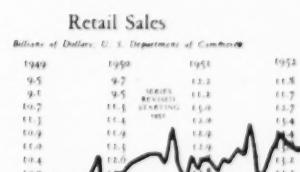
Wage rates in the metals, ordnance, machinery, and transportation equipment industries continued to surpass those in most other durable goods lines. Workers engaged in printing and publishing, and the manufacture of petroleum, coal, and rubber remained the more highly paid in the nondurables industries. Although they gained slightly, wage rates in the textile and leather

Regional Trade Activity

(1935-1939=100)



REGION: (1935-1939=100)	Aug. 1952	Aug. 1951	% Change from— July 1952	REGION: (1935-1939=100)	Aug. 1952	Aug. 1951	% Change from— July 1952
United States.....	347.3	+3.0	-1.0	15. Iowa and Nebraska.....	331.2	+3.9	+4.1
1. New England.....	334.7	-1.6	+2.5	16. St. Louis.....	264.5	+4.0	-3.9
2. New York City.....	244.2	-1.4	-14.5	17. Kansas City.....	349.4	+1.8	-7.4
3. Albany, Utica, and Syracuse.....	303.0	+1.5	-3.1	18. Maryland and Virginia.....	331.2	+1.0	-2.0
4. Buffalo and Rochester.....	301.0	+0.6	-3.7	19. North and South Carolina.....	363.0	+6.7	+2.7
5. Northern New Jersey.....	234.2	+0.1	-2.1	20. Atlanta and Birmingham.....	455.0	+4.1	+2.7
6. Philadelphia.....	273.2	-4.5	-6.7	21. Florida.....	451.1	+11.9	-2.7
7. Pittsburgh.....	283.8	-1.9	-3.0	22. Memphis.....	405.5	+1.1	+10.8
8. Cleveland.....	343.6	-0.5	-7.3	23. New Orleans.....	437.5	+8.9	+1.8
9. Cincinnati and Columbus.....	363.8	+3.4	-6.1	24. Texas.....	459.1	+3.1	-7.3
10. Indianapolis and Louisville.....	393.8	+2.1	+1.7	25. Denver.....	371.6	+6.9	+1.8
11. Chicago.....	275.9	-2.8	-9.0	26. Salt Lake City.....	359.0	+2.9	+9.5
12. Detroit.....	365.5	+6.4	+2.3	27. Portland and Seattle.....	376.7	+3.8	+3.7
13. Milwaukee.....	354.8	+4.2	+1.1	28. San Francisco.....	310.5	+0.7	-10.1
14. Minneapolis and St. Paul.....	326.8	+1.5	+2.6	29. Los Angeles.....	333.5	+2.2	-6.6



* Approximation; figure from quoted source not available.

Weekly Signposts of Activity

WEEKLY AVERAGES	SELECTED BUSINESS INDICATORS	LATEST WEEK	PREVIOUS WEEK	YEAR AGO	WEEK ENDED
1939	1951				
102	202 Steel Ingot Production Ten Thousand Tons	22	22	20	Oct. 20
76	102 Bituminous Coal Mined Hundred Thousand Tons	91	90	110	Oct. 11
69	130 Automobile Production Thousand Cars and Trucks	129	135	115	Oct. 11
31	71 Electric Power Output Ten Million K.W. Hours	770	767	716	Oct. 11
65	78 Freight Carloadings Thousands Cars	843	852	879	Oct. 11
109	320 Department Store Sales Index Number (1947-1949=100)	125	116	117	Oct. 11
50	115 Wholesale Prices Index Number (1947-1949=100)	111	111	113	Oct. 14
74	261 Bank Debits Hundred Million Dollars	300	287	295	Oct. 8
76	277 Money in Circulation Hundred Million Dollars	296	295	284	Oct. 18
219	155 Business Failures Number of Failures	147	129	126	Oct. 18

Sources: Amer. Iron & Steel Inst.; U. S. Bureau of Mines; Automotive News; Edison Electric Inst.; Amer. Assoc. of Railroads; Federal Reserve Board; U. S. Bureau of Labor Statistics; DUN & BRADSTREET, Inc.

industries remained among the lowest.

Personal income in the first eight months of 1952 was at an annual rate of \$264.2 billion, or 5 per cent above a year ago. The increase in employment and pay scales boosted wage and salary receipts, offsetting a slight decrease in proprietor's income.

Prices After a series of gradual slight declines, spot commodity prices on October 14, reached the lowest level since September 1950, according to the DUN & BRADSTREET Daily Wholesale Commodity Price Index. This was almost 6 per cent below the year-ago index.

Most of the decline was attributed to the bountiful grain harvest and the

Agriculture Department's prediction of a bumper cotton crop. But the upward revision in the cotton crop estimate to 14.4 million bales was not the final word. Ginnings have exceeded the estimates almost everywhere in the cotton belt; some observers thought that the crop may reach 15 million bales. With domestic consumption and exports estimated at 13.5 to 14 million bales, end-of-season stocks may be substantial.

The abundance of cotton was reflected to some extent in the demand for cotton gray goods; orders were usually for scattered small lots in the early weeks of October. Cotton spinners were able to resist the pressure for lower prices, having enough orders to keep production high until January.

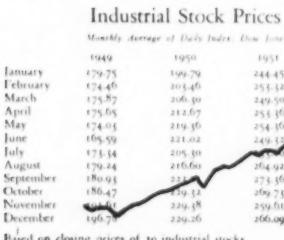
A notable expansion in marketing was partly responsible for a decrease in livestock prices. While there was a fractional decline in the over-all level of prices for processed foods, the prices for flour, cottonseed oil, and shortening rose slightly.

Further slight increases in the retail prices for some goods and services were reflected in the Bureau of Labor Statistics' Consumer's Price Index for August. The index measures changes in the prices paid for goods and services by moderate-income families in large cities. There were fractional increases in the prices paid by these consumers for most commodities, although apparel prices dipped very slightly and those for housefurnishings were generally unchanged. Housewives found that both the grocer and the landlord were charging more than in previous months.

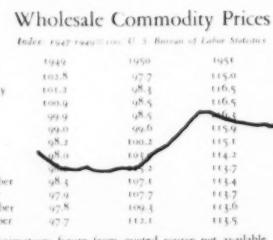
Trade With the arrival of nippy Fall weather, there was a noticeable pick-up in retail trade. While suburban stores generally recorded more favorable comparisons with a year ago than did the large city department stores in the early weeks of October, over-all volume was estimated at from 1 to 5 per cent above a year ago. Gains on the Columbus Day holiday were especially notable for some large-city retailers; volume in women's and children's wear was sometimes reported as much as 25 per cent above a year ago.

Fall promotions of household goods attracted very favorable response. Small appliances, home decorating materials, and bedding sold well. As shoppers displayed renewed enthusiasm

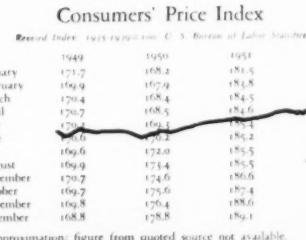
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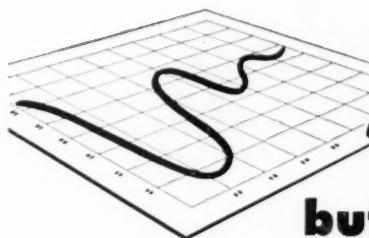
Based on closing prices of 30 industrial stocks



† Approximation; figure from quoted source not available.



† Approximation; figure from quoted source not available.



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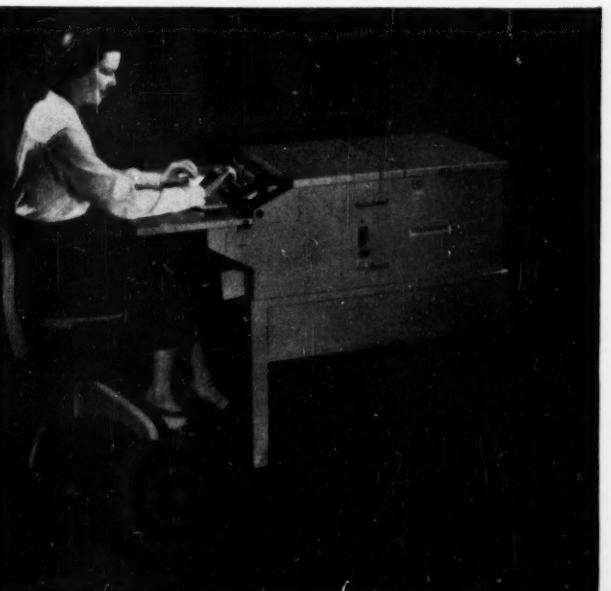
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*All prices quoted
are subject to
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THE TREND OF BUSINESS

for television sets, volume rebounded somewhat from its earlier sluggishness. Cotton floor coverings became increasingly popular.

Consumer spending in September dipped slightly below the August level, although it was 5 per cent above a year ago, according to the DUN'S REVIEW Regional Trade Barometer (preliminary). The barometer is adjusted for seasonal variation and for the number of business days in the month.

While there were gains from a year ago in over half of the Regional Trade Barometers for August, consumer spending in the regions particularly affected by the steel strike dropped off slightly. Declines from a year ago ranged from less than 1 per cent in the Cleveland Region (8) to more than 6 per cent in the Detroit Region (12). The largest increase from a year ago was close to 12 per cent in the Florida Region (21).

As buying on the installment plan became more widespread, consumer credit outstanding reached another new peak in August. At close to \$21.4 billion, consumers' short-term debts were up 1 per cent from a month ago

BUILDING PERMIT VALUES—215 CITIES

Geographical Regions:	1952	1951	% Change
New England.....	\$15,982,685	\$28,276,685	-43.5
Middle Atlantic.....	72,484,788	54,493,947	+33.0
South Atlantic.....	35,744,537	41,206,632	-15.2
East Central.....	93,666,214	96,074,557	-3.2
West Central.....	58,270,660	70,013,216	-16.8
West Central.....	31,024,705	39,506,705	-21.5
Mountain.....	11,657,843	13,581,945	-12.5
Pacific.....	72,957,462	66,412,581	+3.8
Total U. S.	\$388,886,585	\$412,834,648	-5.8
New York City.....	\$44,404,009	\$25,934,632	+37.0
Outside N. Y. C.	\$534,382,576	\$487,800,016	+8.6

WHOLESALE FOOD PRICE INDEX

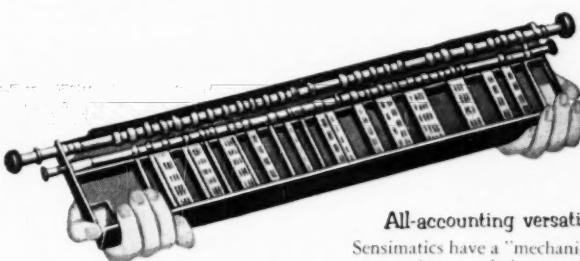
The index is the sum total of the prices per pound of 31 foods in general use. It is not a cost-of-living index.

Latest Weeks	Year Ago	1952
Oct. 14., \$6.38	Oct. 16., \$6.77	High Aug. 26., \$6.70
Oct. 7., 6.44	Oct. 9., 6.79	Low Apr. 22., 6.31
Sept. 30., 6.43	Oct. 2., 6.79	1951
Sept. 23., 6.45	Sept. 25., 6.78	High Feb. 20., 5.73
Sept. 16., 6.49	Sept. 18., 6.77	Low Dec. 18., 6.68

DAILY WHOLESALE PRICE INDEX

The index is prepared on the basis of daily spot closing prices of 40 primary commodities (1930-1932=100).

Week Ended:	Mon.	Tues.	Wed.	Thurs.	Fri.
Oct. 17.,	Holiday	287.01	287.48	287.25	287.91
Oct. 18.,	291.23	290.70	289.54	289.42	288.57
Oct. 19.,	290.37	290.68	291.49	290.08	291.43
Oct. 20.,	291.87	290.83	291.08	290.67	290.37
Oct. 21.,	292.35	292.24	291.46	291.02	291.27
Oct. 22.,	291.87	291.08	290.67	290.37	290.37
Oct. 23.,	291.35	291.24	291.46	291.02	291.27
Oct. 24.,	291.87	291.08	290.67	290.37	290.37
Oct. 25.,	292.35	292.24	291.46	291.02	291.27
Oct. 26.,	291.87	291.08	290.67	290.37	290.37
Oct. 27.,	292.35	292.24	291.46	291.02	291.27
Oct. 28.,	291.87	291.08	290.67	290.37	290.37
Oct. 29.,	292.35	292.24	291.46	291.02	291.27
Oct. 30.,	291.87	291.08	290.67	290.37	290.37
Oct. 31.,	292.35	292.24	291.46	291.02	291.27
Nov. 1.,	291.87	291.08	290.67	290.37	290.37
Nov. 2.,	292.35	292.24	291.46	291.02	291.27
Nov. 3.,	291.87	291.08	290.67	290.37	290.37
Nov. 4.,	292.35	292.24	291.46	291.02	291.27
Nov. 5.,	291.87	291.08	290.67	290.37	290.37
Nov. 6.,	292.35	292.24	291.46	291.02	291.27
Nov. 7.,	291.87	291.08	290.67	290.37	290.37
Nov. 8.,	292.35	292.24	291.46	291.02	291.27
Nov. 9.,	291.87	291.08	290.67	290.37	290.37
Nov. 10.,	292.35	292.24	291.46	291.02	291.27
Nov. 11.,	291.87	291.08	290.67	290.37	290.37
Nov. 12.,	292.35	292.24	291.46	291.02	291.27
Nov. 13.,	291.87	291.08	290.67	290.37	290.37
Nov. 14.,	292.35	292.24	291.46	291.02	291.27
Nov. 15.,	291.87	291.08	290.67	290.37	290.37
Nov. 16.,	292.35	292.24	291.46	291.02	291.27
Nov. 17.,	291.87	291.08	290.67	290.37	290.37
Nov. 18.,	292.35	292.24	291.46	291.02	291.27
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Nov. 23.,	291.87	291.08	290.67	290.37	290.37
Nov. 24.,	292.35	292.24	291.46	291.02	291.27
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Dec. 3.,	291.87	291.08	290.67	290.37	290.37
Dec. 4.,	292.35	292.24	291.46	291.02	291.27
Dec. 5.,	291.87	291.08	290.67	290.37	290.37
Dec. 6.,	292.35	292.24	291.46	291.02	291.27
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Dec. 12.,	292.35	292.24	291.46	291.02	291.27
Dec. 13.,	291.87	291.08	290.67	290.37	290.37
Dec. 14.,	292.35	292.24	291.46	291.02	291.27
Dec. 15.,	291.87	291.08	290.67	290.37	290.37
Dec. 16.,	292.35	292.24	291.46	291.02	291.27
Dec. 17.,	291.87	291.08	290.67	290.37	290.37
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Jan. 30.,	291.87	291.08	290.67	290.37	290.37
Jan. 31.,	292.35	292.24	291.46	291.02	291.27
Feb. 1.,	291.87	291.08	290.67	290.37	290.37



All-accounting versatility!

Sensimatics have a "mechanical brain"—a sensing panel that controls every accounting operation, is ready for a different job at the turn of a knob.

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Sensimatic 200 with 5 totals

Sensimatic 100 with 2 totals



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Automatic Electric
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executive vice-president
Stewart-Smith, Inc.



"Since the installation of the Apeco Auto-Stat machine in our office, we have experienced an increase in efficiency due to its operation. We have found that the Auto-Stat is economical to operate and are pleased to say that the results achieved are highly satisfactory."



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executive vice-president,
Spector Motor Service, Inc.

"We are constantly looking for means to increase the speed of our service. To do this, we must have fast, accurate handling of our paper work. We are happy that in the Apeco Auto-Stat we at last found an easy quick method of making photocopies of the many paper forms demanded in the trucking business."

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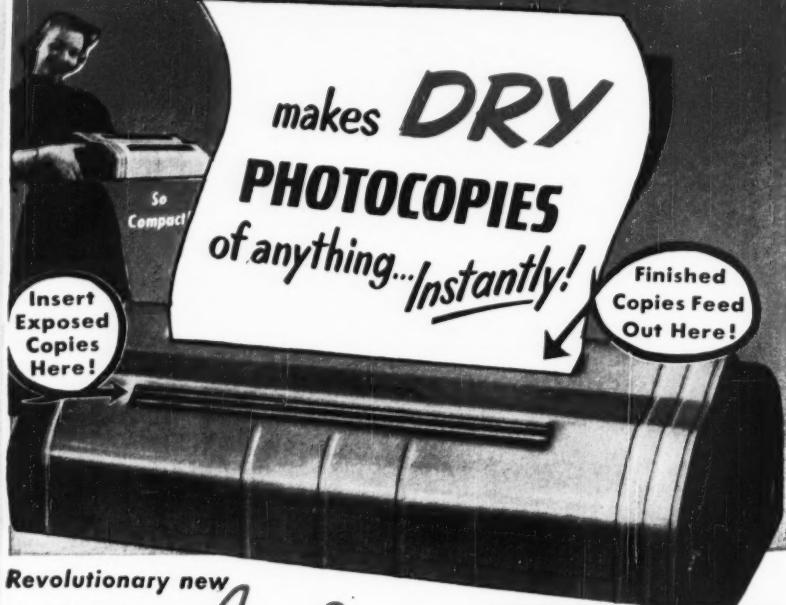
Mr. Erwin S. Baskes,
prominent Chicago atty.
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"Since we have had a new Apeco Auto-Stat, confidential papers never need to leave my office for photocopying. My secretary now quickly makes all the legally acceptable photocopies we need right at her own desk. We have found the Auto-Stat to be one of our wisest money-saving investments."

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NEW office copying discovery...



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New, low-cost machine makes photo-exact copies direct from original letters, forms, bids, contracts, invoices, reports, blueprints. Here is the first major advancement in office copying in the last 15 years. Can save you up to 80% on your copying jobs! Eliminate costly retyping, hand copying, checking or sending outside for expensive copying service. The Auto-Stat is the first low-cost machine that makes error-proof, legally-accepted, black-and-white photo-like copies—WITHOUT SLOW, MESSY DEVELOPING, FIXING, WASHING OR DRYING. It's fast—only 2 simple steps instead of 12 required by old methods. Makes prints instantly from any originals up to 11 x 17 inches—whether printed on one or two sides. Requires no dark room—and any inexperienced clerk can operate it!

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Fits on the corner of a desk or table and is priced within the budget of even the smallest firm. It's portable—just plug in any outlet—and the Auto-Stat is ready for instant operation.

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No fixing
No drying
No trays
No dark room

THE TREND OF BUSINESS

and 11 per cent from a year ago. There was no change during the Summer in the use of charge accounts, although they were used more frequently than a year ago.

Largely in anticipation of an expansion in consumer buying, wholesale orders increased steadily in the early weeks of October. Apparel buyers increased their reorders for seasonal merchandise and commitments for Spring apparel considerably outnumbered those of a year ago. It was estimated that orders for apparel were larger than they had been in three years. There was a noticeable expansion in orders for merchandise suitable as gifts; it was widely expected that volume in toys might reach an all-time peak this year.

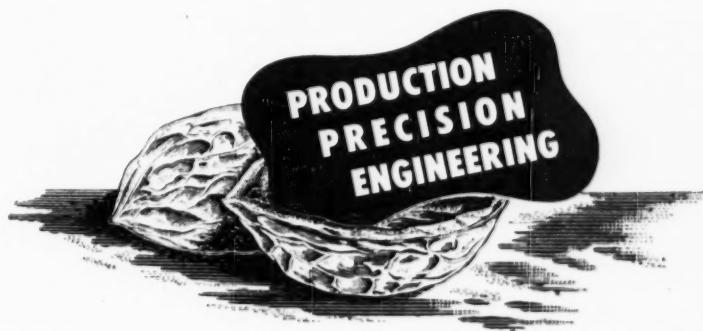
Although the dollar volume of wholesale trade rose in August, the increase was not as large as is usual at this time of year. Declines in volume from both the preceding month and a year ago were noticeable among the automotive, machinery and metals, and paper wholesalers. Wholesale volume in August amounted to about \$8.7 billion, compared with \$8.6 billion in July and \$9.1 billion in August 1951.

Failures Down 9 per cent in September to the lowest level in some three and a half years, business failures amounted to

BANK CLEARINGS—INDIVIDUAL CITIES
(Thousands of dollars)

	September	Change
Boston	2,293,022	+12.0
Philadelphia	4,610,000	+12.7
Buffalo	482,569	+15.5
Pittsburgh	1,574,334	+10.6
Cleveland	1,815,411	+10.1
Cincinnati	954,357	+14.7
Baltimore	1,186,861	+13.9
Richmond	844,645	+7.2
Atlanta	1,423,800	+21.0
New Orleans	676,383	+13.9
Memphis	572,497	+20.1
Chicago	3,842,019	+12.6
Detroit	2,408,453	+8.5
St. Louis	1,347,554	+17.2
Louisville	660,146	+15.5
Minneapolis	1,486,173	+13.0
Kansas City	1,558,402	+14.7
Omaha	671,646	+0.8
Denver	635,438	+12.8
Dallas	1,486,616	+0.9
Houston	1,337,745	+14.1
San Francisco	2,266,611	+6.6
Portland, Ore.	773,835	+7.2
Seattle	745,085	+14.4
Total 24 Cities.....	35,746,612	+12.3
New York.....	37,031,884	+14.5
Total 25 Cities.....	72,778,796	+13.4
Average Daily.....	2,911,152	+8.8

HERE'S OUR STORY IN A Nut Shell...



Every manufacturer is faced, frequently, with the problem of manufacturing machines or machined parts for which his own highly specialized equipment is not adequate or suitable. The volume in such cases is seldom sufficient to warrant setting up a special department to manufacture these semi-production and experimental parts.

We can solve this problem for you...



We can machine to your drawings and specifications individual machined parts or even pilot models of complete assemblies. In some cases, we can proceed with the production of the needed parts. Merz has the latest models of high-precision equipment needed to produce parts from the size of a needle to giant fixtures weighing several tons.



We have the gages and tools needed to maintain the high standards of precision demanded by the various industries. From the drawing board to the finished product, precision is moulded into our every operation. Merz maintains a final inspection room insulated against vibration and with temperature and humidity being maintained at constant levels.



We have the engineers, specialists in their particular fields, who can design and supervise the manufacture of tools needed for one specific job or plan and complete your entire production tooling program. Merz also maintains a staff of top notch electronic and tool engineers who are constantly experimenting and improving the Merz standard line of electronic and air gages. These men are available to our customers for developing other special types of gaging and sorting machines.



Write MERZ for Catalog with additional information

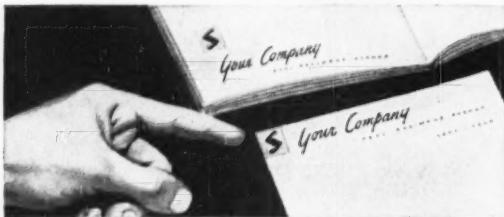
MERZ Engineering Inc.

200 S. HARDING • INDIANAPOLIS 7, INDIANA

Your Letterhead is part of your ADVERTISING PROGRAM

IT ADDS ADVERTISING VALUE TO ALL CORRESPONDENCE

The value of advertising is measured by number of contacts made. Every contact made by your letterhead can and should have advertising value.



IT IS A COMPLETE ADVERTISEMENT

A good letterhead is planned like a good advertisement to inform the reader, identify the company, and create a favorable selling impression.

IT BACKS UP YOUR ADVERTISING PROGRAM

Some companies print their advertising slogan on their letterheads as a tie-up. All companies should match the typographic style of letterheads and their advertising signature.



Many advertising executives participated in the nation-wide Neenah Letterhead Test. With thousands of other business and professional men, editors and publishers, they read *The Psychology of Business Impression* and studied the Test Kit of 24 basic letterhead treatments. Their preferences were registered on opinion cards. You can use this practical method of clarifying letterhead ideas

in your own office. To get a free copy of the portfolio, check the coupon below, sign your name, and attach to your letterhead.



COURTESY COUPON

- The Psychology of Business Impression, Letterhead Test Kit, and Opinion Cards.
- Neenah Pattern Kit, a guide to the four grades of Neenah Ledger, with punching, perforating, and ruling guides for use in designing special forms.

SIGNATURE



THE TREND OF BUSINESS

539; this was 13 per cent below the corresponding 1951 level.

Despite the numerical decline, the rate of failure, as reflected in DUN'S FAILURE INDEX, remained unchanged at 29 per 10,000 listed enterprises. This index projects monthly failures to an annual basis and is adjusted for seasonal fluctuations. The failure rate per 10,000 enterprises was at 35 in September 1951 and at 71 in pre-war 1940.

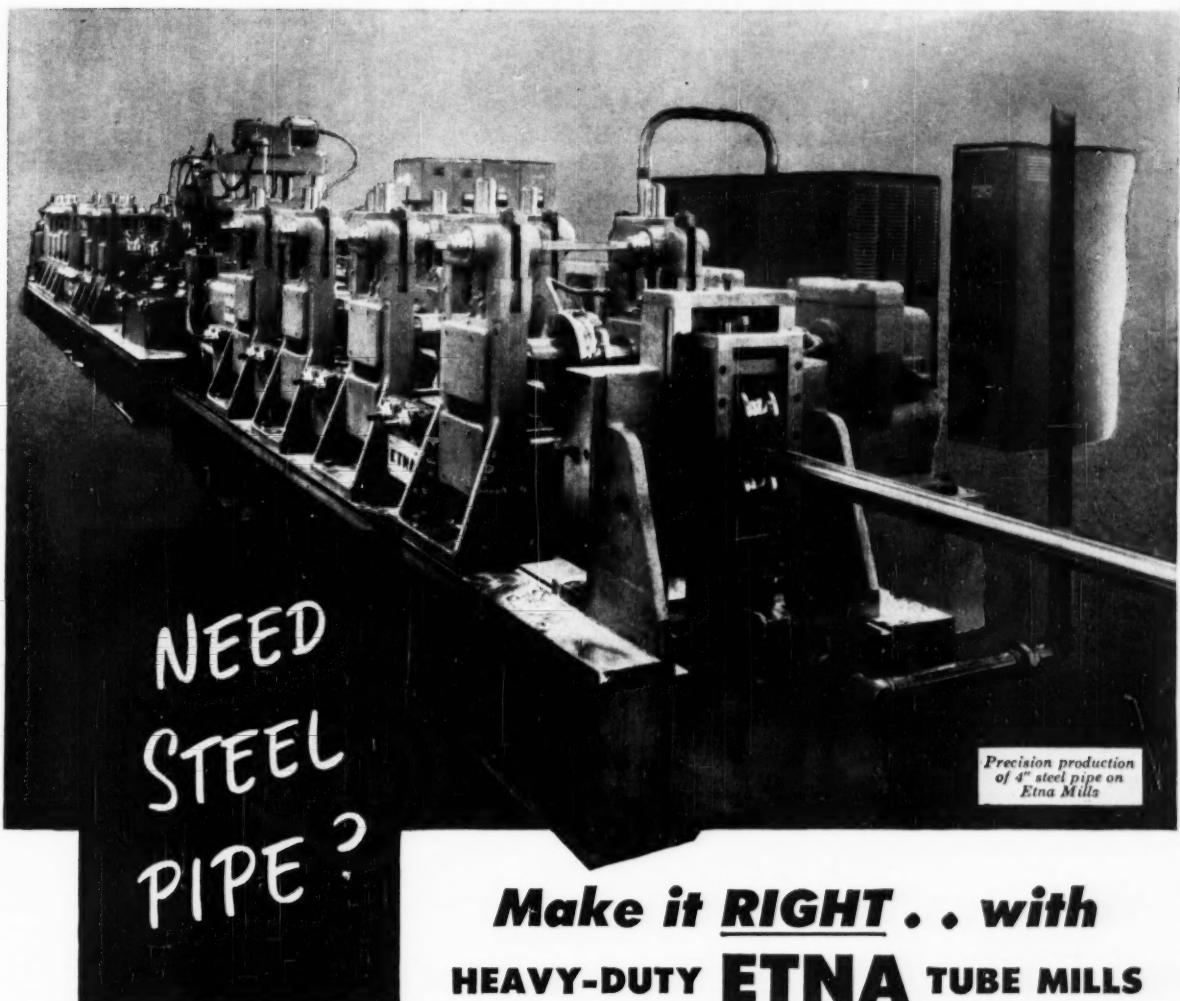
Contrary to the downward trend in the number of failures, the liabilities involved increased to \$20,138,000. While losses did not reach the post-war peak for the month of September established in 1951, they were about equal to the 1948 and 1949 comparatives. Casualties involving \$100,000 or more were responsible for the rise in liabilities; all other size groups were less numerous than in August. The most notable drop took place among failures involving liabilities of \$5,000 to \$25,000 which dropped to the lowest level in four years.

Failures in most industry and trade groups declined moderately in September. While there was little change in the number of failures in manu-

FAILURES BY DIVISIONS OF INDUSTRY

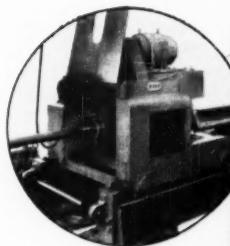
	Number (Current liabilities in thousands of dollars)	Liabilities 7 Months 1952	Liabilities 7 Months 1951	Liabilities 7 Months 1952	Liabilities 7 Months 1951
Mining, Manufacturing...	1,183	1,146	77,594	66,078	66,078
Mining—Coal, Oil, Misc...	31	28	2,335	6,511	6,511
Food and Kindred Products	130	162	9,860	10,854	10,854
Textile Products, Apparel	280	274	15,288	10,550	10,550
Lumber, Lumber Products	173	178	8,935	13,123	13,123
Paper, Printing, Publishing	78	63	3,331	4,255	4,255
Chemicals, Allied Products	34	32	3,757	1,110	1,110
Leather, Leather Products	68	50	3,380	2,480	2,480
Stone, Clay, Glass Products	33	27	1,786	968	968
Iron, Steel, and Products...	39	31	3,512	1,158	1,158
Machinery	94	83	13,488	8,900	8,900
Transportation Equipment	35	34	1,700	720	720
Miscellaneous	178	204	10,159	5,849	5,849

WHOLESALE TRADE	583	666	28,047	28,803
Food and Farm Products...	181	169	9,242	6,760
Apparel	42	31	1,446	948
Dry Goods	29	19	930	367
Lumber, Bldg. Mats., Hdwr.	45	47	2,667	2,020
Chemicals and Drugs	15	25	866	707
Motor Vehicles, Equipment	19	27	733	1,997
Miscellaneous	252	308	12,153	15,926
RETAIL TRADE	2,974	3,181	56,558	56,683
Food and Liquor	706	824	10,359	16,941
General Merchandise	168	116	2,604	3,023
Apparel and Accessories	462	467	8,424	6,845
Furniture, Furnishings	329	315	7,842	6,622
Lumber, Bldg. Mats., Hdwr.	146	182	3,658	2,4
Automotive Group	240	234	4,527	4,012
Eating, Drinking Places	640	660	12,153	17,37
Drug Stores	90	77	1,250	1,07
Miscellaneous	273	290	5,611	3,142
CONSTRUCTION	162	733	24,322	29,545
COMMERCIAL SERVICE	455	500	10,617	11,726

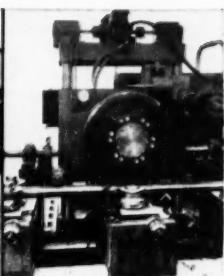


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Right: Welding section,
Etna 4" mill



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THE TREND OF BUSINESS

facturing and wholesaling from August, there was an upswing in the machinery industry. Apparel and lumber concerns continued to account for the largest manufacturing toll.

Retail failures dipped sharply among drug stores and mildly among food and furniture stores. There were, however, mild increases in failures at retail in most other lines.

Failures declined most sharply from a year ago in construction, with a drop of 40 per cent; only half as many general builders failed this year as last.

The trend in failures varied geographically. Failures in the Middle Atlantic and West North Central States held steady in September; they increased in the East South Central and Mountain States. Five regions reported fewer failures than in the preceding month with the sharpest decline in the East North Central States.

BUSINESS FAILURES include those businesses that ceased operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization, or arrangement; or voluntarily compromised with creditors out of court.

CURRENT LIABILITIES, as used in the Failure Record, have a special meaning; they include all accounts and notes payable and all obligations, whether in secured form or not, known to be held by banks, officers, affiliated companies, supplying companies, or the Government. They do not include long-term, publicly-held obligations. Offsetting assets are not taken into account.

THE FAILURE RECORD

	Sept. 1952	Aug. 1952	Sept. P.C. 1951 Chge.†
DUN'S FAILURE INDEX*			
Unadjusted	24.5	25.9	-29.7 — 18
Adjusted, seasonally...	28.8	29.1	-35.4 — 19
NUMBER OF FAILURES...			
539	594	620	-13
NUMBER BY SIZE OF DEBT			
Under \$5,000.....	117	130	-150 — 22
\$5,000-\$15,000.....	262	262	-315 — 17
\$15,000-\$100,000.....	127	140	-112 + 13
\$100,000 and over.....	33	33	-43 — 23
NUMBER BY INDUSTRY GROUPS			
Manufacturing.....	107	109	-150 — 29
Wholesale Trade.....	58	60	-70 — 17
Retail Trade.....	288	316	-277 + 4
Construction.....	50	58	-83 — 3
Commercial Service.....	36	51	-39 — 8
<i>(Liabilities in thousands)</i>			
CURRENT.....	\$20,148	\$16,332	\$26,633 — 24
TOTAL.....	20,178	16,672	26,858 — 25

* Apparent annual failures per 10,000 enterprises, formerly called DUN'S INSOLVENCY INDEX.

† Per cent change of September 1952 from September 1951.



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The Business Bookshelf

Dastard's Guide to Success

It is seldom that a book for business men written by one of their own coterie is able to scale the best-seller lists as has "How to Succeed in Business Without Really Trying" by Shepherd Mead. Perhaps the verve, freshness, and insouciance of the author's approach in this satirical play on the ubiquitous how-to-do-it books are the answer. Or again it may be that there is a sufficient number of office Machiavelli's seeking to forsake the rocky road to success for the devious paths of double-dealing, mendacity, and general lack of scruples.

The author, an advertising agency vice-president, playfully proffers his prescription for unscrupulous success by describing the amusing and oftentimes hilarious saga of one Pierrepont Finch who rose from mail boy to company president by spinning a tangled web of deceit and adroitly keeping the strands within his own grasp. The author points out that although the Finch system of back-stabbing, credit-grabbing, and sycophancy while sedulously avoiding exertion, worked for his hero, it proved to be of little help to others attempting to follow in his devious footsteps. Like Finch, himself, readers of this book will be quick to recognize the signs of which to beware.

Others hoping to apply indiscriminately the Finch easy method of fast success would do well to recall the admonition about fooling all of the people all of the time, spoken long years ago by a man whose patient and troubled efforts were etched deeply into his gaunt face.

*Simon & Schuster, New York, 148 pages.
\$2.50.*

Muddling Through

Those in search of partisan pleadings for or against the economic policies in Great Britain in the post-war years should not expect to end their quest in the book, "British Planning and Nationalization" by Ben W. Lewis. Neither the carping critics nor the doctrinaire defenders of the Labor Government's policies will be especially enamored of this book. However, readers desiring a dispassionate dissection of the dreary dilemmas faced by the British people in recent times will welcome this work. Seen through the eyes of an American economist, Britain takes on the trappings of a troubled yet indomitable land where the Government's available choices were as meager as the people's rations.

The author traces the causes of the
Continued on page 50

OTHER CURRENT READING

BOOK

DU PONT, THE AUTOBIOGRAPHY OF AN AMERICAN ENTERPRISE, *Charles Scribner's Sons, New York, 138 pages, \$5.*

SUCCESSFUL SALES MANAGEMENT, *by Harry Simmons. Prentice-Hall, Inc., New York, 419 pages, \$5.65.*

PRACTICAL BUSINESS WRITING, *by L. E. Fraley and Edith L. Schnell. Prentice-Hall, Inc., New York, 697 pages, \$6.70.*

PRACTICAL PUBLIC RELATIONS, *by Rex F. Harlow and Marvin M. Black. Harper & Brothers, New York, 422 pages, \$5.*

SUMMARY

This large, beautifully illustrated history of the first 150 years of the famous chemical company is much more than that alone. It is also a panoramic story of the growth of American industrial life as depicted by brush and camera.

This straight-forward summary of the practise of sales management should endear itself to those in need of regaining their bearings in to-day's fast-shifting selling scene. Couched in the argot of salesmanship, it stresses the latest improvements in the sales manager's kit of tools.

A basic manual in the art of expressing oneself effectively through the written word in the world of business. While the major emphasis is on that form of business prose which is most ubiquitous—the letter, others are not slighted.

The up-to-date revision of one of the most comprehensive studies of the fascinating field of public relations. Authoritatively discussed are the various channels through which a company can make its message known.

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out of 5

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transcription costs



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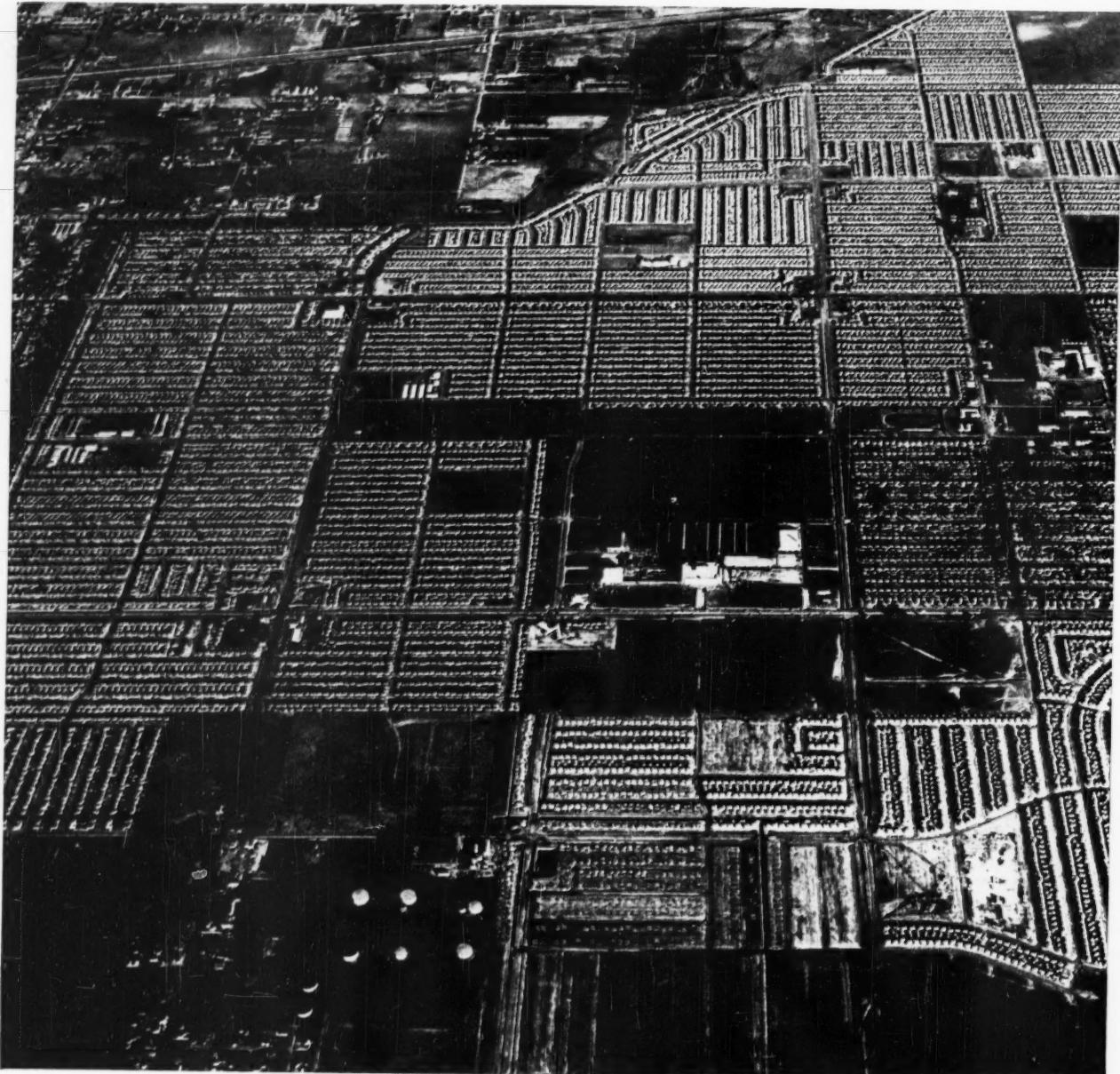
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NEW FLOATING BRIDGE. Designed for quick erection and heavy load-bearing, this new floating bridge will carry any combat or supply vehicle used by an Army division. The bridge floor is of U-S-S I-Beam-Lok Steel Flooring. Only steel can do so many jobs so well!



so well



EVERYBODY LIKES stainless steel. One of its earliest household uses—for knives, forks and spoons—demonstrated so well the strength, durability, low cost and good looks of stainless steel that today hundreds of items for the home are made of "the miracle metal."



SIX STORIES UP! This Sky Patio pool, offering still another attraction to winter visitors in Phoenix, Arizona, is perched blithely on top of a midtown hotel. The all-steel pool, and its steel underbracing that extends clear down to the foundations of the building, were fabricated and erected by United States Steel.

OIL IS WHERE YOU FIND IT . . . even in your own back yard. Light-weight, portable derricks or "masts" like this, made of extra strong U.S.S. High Strength Steel, help the oil industry to dig new wells more quickly and more easily. Below: derrick at site before lifting into position.



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economic malaise to their roots in the havoc wrought by two wars, the inadequate capitalization and lack of competition in the many cartelized segments of British industry in the past. He stresses that the program of the Labor Party was "no coolly calculated, finely drawn socialist blueprint" but rather "plain, democratic muddling of a fairly high quality." This book takes on added relevancy to-day in light of the widespread expectation of the early return of the Labor Party to office.

*The Twentieth Century Fund, New York,
 313 pages, \$3.*

Economics Made Easy

Sometimes the most obvious of statements may take on a mantle of profundity merely by being recast in a fresh, clear fashion. Such is the situation encountered throughout the new illustrated primer, "How To Think About Economics" by Fred G. Clark and Richard Stanton Rimanoczy, the heads of the American Economic Foundation, who have dedicated themselves to extirpating the obscurantism from the science of economics. As the phenomenal success of the authors' earlier books attests, there is a very real need for lucid, engaging popularizations of the "dismal science." This book should be particularly pleasing to business men seeking to add drama to their speeches for they will discover much stimulating material in this forceful, facile presentation of the case for *laissez faire*.

*D. Van Nostrand, Inc., New York, 113 pages,
 \$2.75.*

When Confidence Collapsed

Unhappily, fine scholarship in economic research has not always been accompanied by equal skill in exposition. Fortunately however, this cannot be said of the exacting study, "Business Confidence and Business Activity: A Case Study of the Recession of 1937" by Douglas A. Hayes, Professor of Finance at the University of Michigan. With the painstaking assiduity of a statistical Sherlock Holmes, the author stalks resolutely through the fields of data in search of the villain responsible for the sudden shock that sent business tumbling in 1937. Although much

shorter than the Depression, the recession of 1937 was far more pernicious: industrial output fell 30 per cent in five months while the same decline took thirteen months at the outset of the Depression.

General readers as well as those versed in the intricacies of economics will enjoy following the author's chain of deductions which lead to the unmasking of the culprit—business confidence—to which he ascribes the major share of the onus for the setback. While some cycle theories emphasize monetary factors, oversaving, underconsumption, interest rates and other influences, the author considered the sentiments of the decision-making executives as pivotal. Unlike the situation in 1937, executives to-day are fortunate in having information about the current nature of business men's expectations to serve as guides for their own decisions.

*University of Michigan Press, Ann Arbor.
130 pages, \$2.*

Spellbound

The fascination of eavesdropping has long been victor over man's honorable efforts to resist. This is especially true when the conversation to be overheard is enthralling and no social opprobrium redounds to the listener for his act. Such is the case in the new book, "Basic Elements of a Free Dynamic Society" which contains the word-by-word record of the day-long conversations of nine business leaders, educators, and editors who attempted to probe the roots of the American Way of Life.

Business men enamored of constructing a systematic philosophy to lend added meaning to the lackluster routine of some of their work, will find that the discourses presented here offer many rich leads. Encircling the table were, among others, such volubly skilled spokesmen as Paul Hoffman, Harry Gideonse, Peter Drucker, and Russell Davenport whose powers of analysis swept over many subjects including the religious nature of American life, class conflict, the function of change, and individualism and co-operation.

The Macmillan Company, New York, 91 pages, \$1.

THE END

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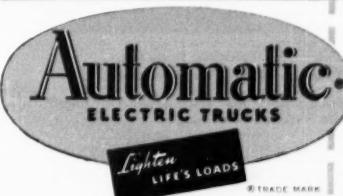
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November

A F T E R N O O N

Fountains of light are lifting bubbles
On the white clapboards of the house
And the mouse
In the cool crevice of the eaves
Drags a sharp shadow
Over the window sill.

Leaf mould on the frosty floor of the forest
Is fool's gold in the angled glare
Of the afternoon
And tatters of sunlight tangle
In branches of birch and alder.

Skeletons grow luminous
And touch stiff fingers in the wind,
Light is the only living thing
Dancing amid dead leaves.

Black water refuses the color of sky
Till the dazzling eye on the mountain
Sets the lake afire
And silver fins shimmer in sudden schools
That dim beneath the swift cover
Of darkness rolling over.

The afterglow sifts down from a pink
shroud
On the empty nest
And bargains briefly with the night
Amid the loud jargon of the crows.

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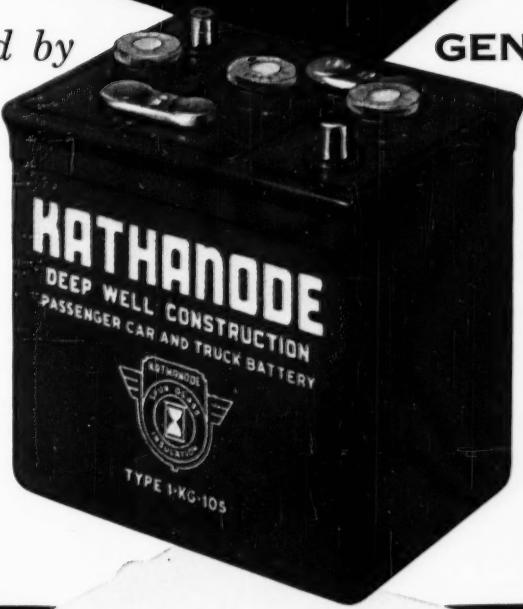
PROBLEM: Make it good-looking but tough

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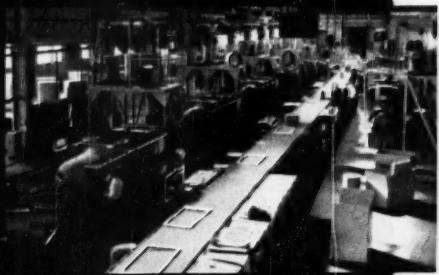
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WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

A new hydramotor valve which opens fully in one minute at temperatures as low as -65° F. will soon be offered to fill the growing need for flow valves which must operate under extremely cold conditions. This has been a problem in the Canadian oil fields.

To be made available in sizes up to six inches the new hydrometer hydraulic valve has pressure ratings of from 65 pounds per square inch for the six-inch size to 600 pounds per square inch for the two-inch size. A minimum of flow pressure drop is claimed by General Controls Company, Glendale, Cal., makers of the valve.

High-volume flat steel strapping operations are soon to be speeded with the production of a new power-driven strapping machine introduced by Acme Steel Company, Chicago. The ma-

way as to allow cross strapping with minimum effort. When the package is centered over the strapping mechanism the operator simultaneously feeds out the required length of strap by deflecting the strap-feed pedal with his foot.

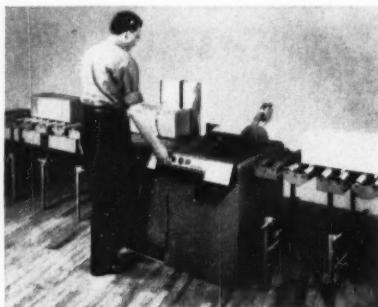
At the same time he guides the strap around the package and into a guide slot on the table top. The latter automatically centers and locates the entering strap. A cycle bar under the control panel is then pushed by the operator, causing the strap to be tightened around the package to a predetermined tension, cut from the coil, and finally welded firmly in place.

Ever try to light a match in a hurricane? That's what George Steiner, manager of the Scintilla Magneto Division of Bendix Aviation, said the ignition problem in a jet engine is like compared with the same problem in an automobile or conventional piston aircraft engine.

A seven-pound midget ignition system which converts a power input of 24 volts into the 10,000-watt super spark needed to start to-day's 10-ton jet fighter planes is now in full production. Called the "TLN-10," the lightweight jet ignition unit is the culmination of the long-range engineering and development work which began shortly after World War II when military aircraft were first equipped with jet engines.

In conventional piston engines the fuel-air mixture is compressed to a highly combustible state and readily ignites. In jets an extremely wet and cold air mixture rushes past the igniter plugs at terrific speeds. When both the Air Force and the Navy were looking for ways to develop more efficient and powerful jet engines, engineers at Bendix's Scintilla Division set about to overcome jet ignition problems.

First they developed a basic electronic ignition unit that would boost the output of an ordinary 24-volt aircraft power supply to 15,000 volts at the igniter electrodes. The first unit tried weighed 37 pounds and cost over \$1,000 to produce. After repeated trials the present seven-pound ignition unit was finally



Pushbutton packaging comes a step closer with a machine that feeds the right amount of strap, provides the proper tension, and welds securely.

chine's 31-inch table height should allow it to be easily installed in any standard-height conveyor system. Moreover, the manufacturers have designed it so as to accommodate many different package sizes.

There is no limit to the amount of strap that can be fed, according to Acme, or the amount of slack that can be taken up. Roller sections in the table top help the placement of packages over the tensioning and welding unit without any need for lifting by hand.

Fourteen ball-transfer rollers in the table top further reduce operator fatigue by allowing the packages to pass over the mechanism or be turned in such a

produced for slightly more than a third of the cost of the original unit.

Like the compact home radio, jet ignition systems contain vacuum tubes, condensers, resistors, and other electronic gear. At the same time, however, they must perform unfailingly in extreme temperatures and in the course of a flight would take an amount of wear equalling decades of normal home radio use. Special ceramics are required in the ignition's components to stand the jet's 300° F. operating temperature.

Hats off to the nation's car dealers! More than 6,000 cars were provided to high schools during the last school year by new car dealers for driver training programs, 300 more than in the year before. The annual contribution of automobile dealers to schools for teaching teen-agers the necessary skills and attitudes of courtesy is, according to the Inter-Industry Highway Safety Committee, one of the major steps toward the reduction of the current appalling death toll on our highways, particularly in the younger age groups. Last year one out of five persons killed on the highway was between 15 and 24 years old.

A vacuum tester that substantially reduces the cost and time involved in the water immersion and other conventional tests has been evolved by the Gits Brothers Manufacturing Company, Chicago. Adapted to a multiplicity of uses it may be used to reveal porosity or surface fissures or to indicate lapped surfaces, ground surfaces, or surface flatness. The unit can also be used to test effective sealing of complete assemblies or the efficiency of air cylinders. The complete outfit including vacuum pump, instrument panel, and testing plate, is of portable dimensions.

A new line of all-steel pillow blocks, providing high load-carrying capacity in a compact package, have been achieved through the joint efforts of the Dodge Manufacturing Corporation and Timken Roller Bearing Company. The new bearings were developed as the result of pooling the engineering resources and bearing building experience of both companies.

High radial thrust capacities and the stamina to take heavy-shock loads have

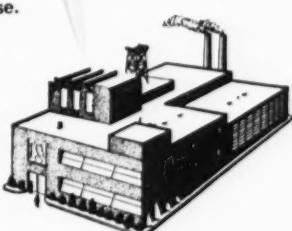


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"Believe me, Bill, I've got the answer to that one—take your troubles to an expert. Chase National Bank has handled our stock transfer job for a long time now, and we've never had a worry."

"Doesn't it take longer to have an agent do the job?"

"Why, Bill, it takes Chase far less time to handle our transfers than it used to take us. Chase is within a couple of

blocks of both the big Board and the Curb. Chase is geared for the job on a big scale. Most of our transfers get through in 24 hours."

"How much does this cost, Ed?"

"Surprisingly little! As a matter of fact, we actually saved money when we stopped trying to do the job ourselves."

"That sounds good, Ed. I think I'll look into it."

"If you do, I'll bet you'll find, just as we did, that it pays to do business with Chase."



The following day I did talk to Chase

"I explained my problem to an officer of Chase's Stock Transfer Department. After he outlined Chase's service to me, I wondered how we had ever thought we could do the job within our own company.

"In addition to maintaining detailed records of stock ownership, Chase will handle dividend payments and take over the responsibility of preparing Federal and State returns. The people at Chase will also take over the mailing of reports, statements, notices, proxies and other communications to stockholders.

"When you consider the fact that a corporation is liable for any mistake made in the transfer of its stock, you can appreciate the value of having experts on the job for you.

"And, working with the people at Chase, we've been impressed by their understanding of our particular banking needs—by their knowledge, not only of business conditions in general, but of current conditions in our own industry, also by their many important contacts in our field.

"And most important, our stockholders are now assured fast and efficient service.

"To sum it up, we have learned just how much '*It pays to do business with Chase.*'"

Write for booklet on stock transfer and registrar services. Address: Stock Transfer Department, 11 Broad Street, New York 15.

It pays to do business with Chase

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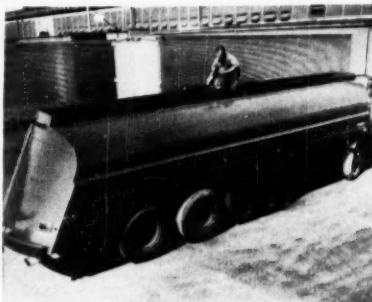
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been provided within minimum dimensions and with a far less than usual weight. Fully self-aligning, the bearings are available in both the expansion and nonexpansion form.

Double piston ring seals keep the lubricant in and dirt and dust out. Permanently adjusted, lubricated, and sealed at the factory, they are shipped ready to install in steel mills, mining, lumbering, or oil field equipment, or wherever else they may prove applicable. Although not yet ready for delivery, information is available from Dodge at Mishawaka, Ind.

Coating for the inside of storage tanks and other vulnerable surfaces is now provided by the development of a new corrosion preventative, dicyclohexylammonium nitrate, developed by the Shell Oil Company. A white crystalline powder, it was designed to protect steel products during storage and shipping.

Known by the trade moniker of Shell-VPI, it is said by its manufac-



One spoonful to a tank may be enough to do the trick. This corrosion preventative for metals is a new form of headache powder for business men.

turers to be applicable either in powder form or sprayed in a solution to protect such vulnerable products as steel containers, Diesel engine parts, bearings, gears, radar equipment, aircraft engines, water pumps, ordnance units, and steel wire of all types. After application the chemical vaporizes into a fog which envelopes the product.

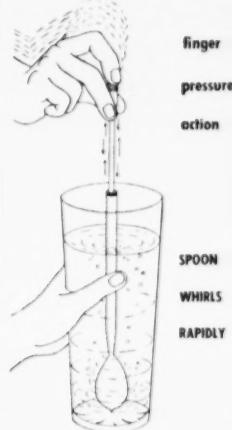
A temperature control instrument recently devised by engineers of the Taco-West Corporation, Chicago, can be plugged into a wall anywhere in the factory laboratory, or other places where intermittent temperature controls may

Continued on page 60

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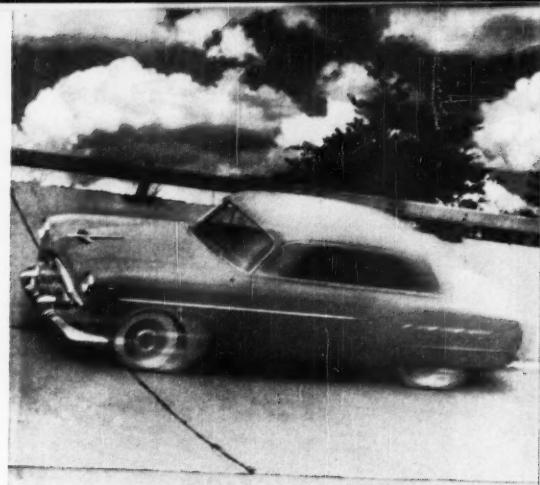
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● Picked at random, this brand-new car is rerouted to Packard's famed Proving Grounds. After 50,000 miles of grueling

tests, it will be dismantled and the condition of every mechanical part studied at Packard's Engineering Laboratories.



● Three shifts of drivers race each Packard "guinea pig" 30,000 miles on the world's fastest closed track, where the all-time record of 147 mph was set!

Where Packard Qua

Test Cars Run Up 1,078,125 Chassis-Jolting Miles A Year At Packard's Multimillion-Dollar Proving Grounds!

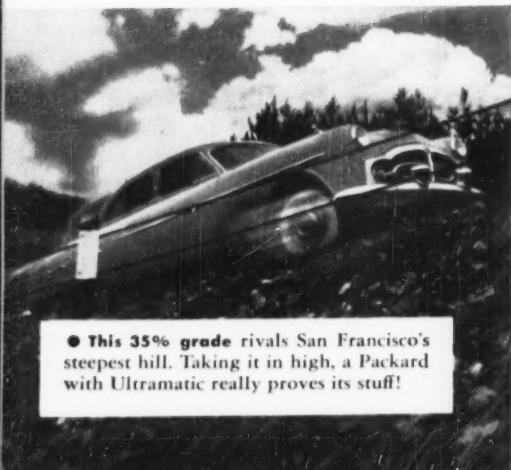
YOU THINK that old back road is rough? You should see the chuckholes, sand pits, railroad ties and water obstacles at Packard's 560-acre Proving Grounds north of Detroit—where it takes a crew of engineers just to keep the roads *bad!*

● But Packard's built-in quality is proved on smooth pavements, too. The 2½-mile concrete oval at this multimillion-dollar "laboratory" is the world's fastest closed track—so beautifully banked that you can take a Packard safely around the turns at 100 miles an hour . . . without even having your hands on the wheel!

● The steep hills of San Francisco—the Badlands of South Dakota—the loose gravel and ruts of treacherous detours everywhere are duplicated here . . . in order to test and prove the quality of Packard design, engineering and construction under every conceivable driving condition. And the results show—after 50,000 miles of the most grueling, abusive treatment you can imagine—that a Packard is by all odds the finest performing car and stands up the best.

● In fact, records show more than 53% of all Packards built since 1899 are still in use!

ASK THE MAN WHO OWNS ONE



● This 35% grade rivals San Francisco's steepest hill. Taking it in high, a Packard with Ultramatic really proves its stuff!



● 16 hours in and out of sand traps! Surviving such abuse proves "Built like a Packard" means *built to last!*





• Such water trials would dampen the ignition system of most cars, but this Packard keeps coming back for more!



• Even from 5,000 feet up Packard's 560-acre Proving Grounds look plenty tough. That huge concrete oval is four lanes wide

and rises to a 35° bank at each end. Those 10 miles of hairpin curves require a crew of maintenance men to keep the roads *bad*!

sty Is Confirmed!



• Tomorrow's car—as well as today's—owes many of its advanced ideas to the men at Packard's famed Engineering Laboratories and Proving Grounds. This glamorous Packard *Pan American*, although still in the experimental stage, won first prize at New York's recent International Motor Sports

Show. Its sleek silhouette stands only 39½ inches high, but its mighty Packard Thunderbolt Engine packs the power of 185 horses. Packard, master motor builder since 1899, uses the same superb craftsmanship in building the world's highest-compression eight which powers today's Packards.

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If the management of your company is planning to buy new group insurance or to extend existing employee benefits, it will be to your advantage to look into the many practical reasons for placing your group insurance with New York Life.

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- ✓ **Trained group field organization.** A full-time staff of salaried group insurance men have the know-how to adapt group contracts to meet your specifications.
- ✓ **Nation-wide claims service.** New York Life claims offices are maintained in principal cities throughout the United States and Canada.
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be desirable. The unusual versatility of the portable instrument is indicated by its ability to control blowers, fans, agitators, or other components as well as the temperature. Called the Gardsman, it has a dual scale range of 50° to 500° and 0° to 2000° Fahrenheit.

Tiny glass balloons each about the size of a grain of sand have been developed as a new aggregative ingredient for such construction materials as plaster and concrete. Called Kanamite, it is made by blowing up individual grains of clay in a special furnace. Concrete mixes using the material in place of sand become fluid enough to enable builders to fill forms with concrete pumped through rubber hose.

This should make for lower building costs because of the virtual replacement of shovels and awkward metal hose. Used in plaster it will permit thinner coatings to be used on walls than is now possible because of its greater degree of compressive strength. The product was developed by the Armour Research Foundation under the sponsorship of the Kanium Corporation, Chicago.

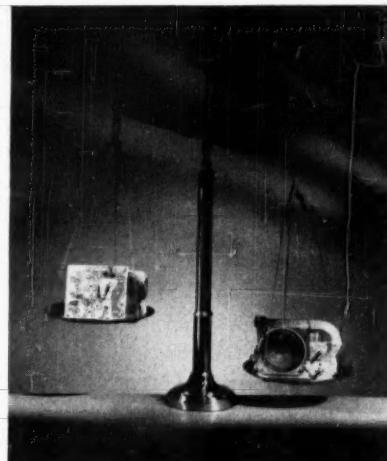
Engineering drawings are now simpler to make as well as easier to reproduce through the application of a new drawing material of translucent Vinylite plastic. Made by the Bakelite Company the plastic material comes in a rigid sheet which will not shrink or stretch and is resistant to moisture, oil and grease, alcohol, and most chemicals.

The border, title and information box, and grid lines can be printed in reverse on the back of the sheet and photograph clearly along with the drawing itself when the sheet is used as a negative to make copies. Since they are on the reverse side they do not hamper the draftsman. The sheets, though rigid, can easily be rolled up. The material resists wrinkling, cracking, fraying, and aging.

If you have ever looked under your radio or television set, no doubt you have been taken aback by the intricate network of wires and parts. Orderly wiring patterns have now been perfected, however, by means of a plated circuit process perfected by

Motorola Incorporated which permit mechanical mass production methods for the first time in radio history. They should do much to eliminate the time and high labor cost of tedious soldering for the wiring connections.

A secondary advantage of the new method is also noted, in that the radio chassis will henceforth have a flat form devoid of bulky wiring making a sav-



Lighter in time and labor costs as well as in weight, this compact pattern is simply a carbon copy of the wiring diagram traced in copper.

ing of considerable space possible. It is done by applying a pattern of extremely thin copper to a stamped plastic base.

The pattern duplicates the wiring layout of the set, each line and part of the pattern being an electrical conductor. The entire circuit including the sockets into which the tubes and other parts are plugged are automatically fabricated by the machine.

How the savings of millions of Americans could be channelled into productive use by private industry is being shown in the film *Opportunity USA* produced by Wilding Picture Productions, Inc. for the Investment Bankers Association of America. The movie is designed for people who know little or nothing about the investment banking business and is intended for adult audiences of all types as well as for college and high school groups.

The story in the film develops the theme of savings being turned into investments which in turn go to enrich the entire economy by providing more

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tools, and hence, more jobs, thereby boosting production and resulting in higher standards of living for everyone. Prints are available through Modern Talking Picture Service, Inc., New York, for general circulation.

Builders of the popular one-and-a-half story house may soon be able to take advantage of the construction economies now possible in one story houses through the use of roof trusses. A truss specifically designed for story-and-a-half houses has been built by the University of Illinois Small Homes Council as part of a research study sponsored by the Housing and Home Finance Agency.

The truss is now undergoing a long-term test for rigidity and strength. On a 24-foot roof span the truss would make possible the construction of a second floor room twelve feet wide and seven and a half feet high. Up to the present trusses have been a popular means of roof construction in one-story houses because of the economies they make possible.

Another advantage is the flexibility in room arrangement which is allowed by their use. They have eliminated the need for load-bearing partitions and the costly supporting construction which they involve. In the past, roof trusses have not been designed to provide living space on the upper floor of houses.

A raw egg was dropped not long ago in the town of Gilman, Conn., from a rooftop 25 feet off the ground. When it landed it bounced. No cracks appeared. Several dozen more were dropped in the same way and with the same results. Not one of the eggs had suffered squashage or crackage from the drop.

This was one of the tests put to a new packaging material made by Gilman Brothers Company which had been spread on the ground beforehand. Called Celluliner, it is claimed to have four times the resilience of ordinary creped wadding and to be highly efficient in its insulating properties.

A new fiber that, when used as an insulating material can withstand temperatures high enough to melt iron castings has recently been introduced by the Carborundum Company. It has

already successfully undergone tests as a high temperature insulation material in the combustion and exhaust systems of jet engines, according to its manufacturers. Called Fiberfax, it is made by subjecting molten aluminum silicate to a blast of air.

Tests show that the new material also has high insulating efficiency against sound and electricity and may be used



They both weigh the same—the solid square on the right and the piece of fluff on the left—referring, of course, to the aluminum silicate.

effectively in wall panels to resist fire, prevent heat loss, and deaden sound. Other possible uses are as a filter of gases and liquids in the chemical processing field or in the manufacture of fireproof paper for valuable business or legal documents.

Measuring brain waves, heart waves, and other electronic impulses reverberating through the human body has in late years become more and more used as an aid to medical research. An instrument specially designed for the caliper of such minute vibrations is now available from the Electronic Tube Corporation, Philadelphia. By using specially regulated power supplies and matched components for all channels Electronic Tube's new oscilloscope, Model E4GAM, achieves the unusually high maximum gain of 1.8 million.

One day last August an ordinary looking round glass block was shipped to Los Alamos from the Rochester plant of the Bausch & Lomb Optical Com-

A year-end Memo- to: Business Management—

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Shortages caused by employee dishonesty continue to rise—in both size and number—at an alarming rate! Should one be discovered in your business in 1953, you will want reimbursement—fast!



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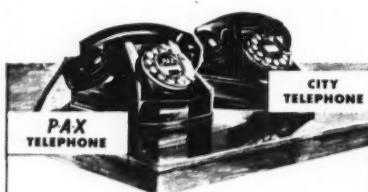
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pany. Its worth was placed at \$5,000. The secret of the block's cost lay in the fact that one surface of it contained the largest diffraction grating of its kind ever made.

For those who are unfamiliar with the subject, a diffraction grating is made by ruling tiny grooves (all the same depth, width, and contour, and exactly parallel) into an aluminum coating 20 millionths of an inch thick. This is produced on an extremely precise ruling engine deep in an underground laboratory where changes in temperature and humidity are practically nonexistent.

The diffraction grating is used to split a beam of light into all its component wave lengths, making it one of the most useful tools scientists have for investigating the inner workings of the atom. In a seven-by-three inch coated area on one side of the Los Alamos grating are 211 thousand grooves, or 30,480 grooves to the inch.

To accomplish this the ruling engine worked 24 hours a day for three weeks to rule the tiny grooves into the aluminum coating. The temperature of the ruling room was controlled to within one-hundredth of a degree.

Movies can now be made in the dark. A new motion picture film sensitive to infra-red light has been developed by the Eastman Kodak Company. Pictures can be made in semi-dark or, with the help of infra-red illumination, in total blackness. Known as Kodak Spectroscopic I-N Film, the new film was originally intended for use by spectrographic laboratories, but is equally recommended by the manufacturers for ultra high-speed camera photography, audience reaction, and other purposes. Its sensitivity to the infra-red range of the spectrum makes it valuable for recording the action of hot metals.

Oil surveying has been speeded up almost 100 per cent through an improved technique for logging well construction. The new system accelerates measurement of radio-activity in substrata rock, one of the basic tests now used in oil exploration. The new technique involves the application of an electronic recording instrument and a new sub-surface testing device.

Developed by engineers from Wells

Survey, Inc., working in co-operation with industrial engineers of the Minneapolis-Honeywell Regulator Company, the system automatically logs curves for both radioactive tests cutting exploratory time in half. After seven months of field tests Wells reports that their engineers have been averaging two holes in about the same time it formerly took to log one.

A pneumatic tube system that is both automatic and selective is now being used to dispatch sales orders, mail, and administrative information between the main office building and other parts of the Cudahy Brothers Company's huge meat-packing plant in Cudahy, Wis. Developed by Mix & Genest, subsidiary of International Telephone and Telegraph Corporation, the new tube system is said to cut hours from the time that is normally required to handle interoffice paper distribution.

The need for a central dispatcher to shunt incoming carriers into another tube for redispensing to their ultimate destinations is eliminated. Each carrier has two dials at one end with numbers from zero to nine. The sender merely dials the station he wants by setting them at the corresponding position. By the use of relay and switching equipment similar to that used in dial telephony, the carrier is automatically sped to its proper destination.

High-speed motion picture cameras operating at 3500 frames a second are now exposing the heretofore unrevealed mysteries of blast furnace operation to the analytic scrutiny of scientists. Reporting to a Photographic Society of America meeting in New York, R. A. Buchanan of U. S. Steel's research laboratory told how the resulting color movies, projected in slow motion, disclosed brilliant particles of coke moving at speeds up to 200 feet every second. Data recorded in this way should enable engineers to design blast furnaces of greatly increased efficiency for the future.

A new counselling program in industry—an all-day "career carnival" for teen-age sons and daughters of employees—was recently inaugurated by Bell & Howell Company, Chicago

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Sixteen affiliated offices staffed with experts who have made a career of knowing coffee provide the industry with a thorough knowledge of conditions throughout the coffee growing countries of Central and South America.

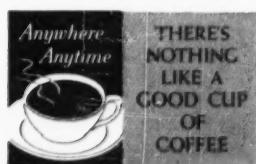
Coffee is the economic life blood of many Latin American Republics. Coffee means dollars to these countries—enables them to buy—and Otis to assist in selling many famous American products, such as: *Union Die Casting Plumbing Specialties, Trinity Portland Cements, Schlueter Household Metalware, Smoot-Holman Plumbing Ware, Crosby Chemicals, Clow-National Pressure Pipe and Fittings*, to mention a few.

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Blinking of a failing fluorescent lamp is not only annoying, but each blink costs money. With the right kind of starter in your lighting fixture, you can get no-blink lighting. An ordinary starter won't do—it keeps trying to light the lamp even after the lamp is worn out. Result: Working parts overheat, burn out before they should. Costs go up!

General Electric Watch Dog® no-blink starters turn off failing lamps automatically when blink begins. And since Watch Dogs don't keep trying to start dead lamps, they last up to 10 times longer than ordinary types. Ballasts last longer, too.

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manufacturers of motion picture equipment. After each of the young participants was asked to appraise his personal interests and special abilities, the gathering was broken down into discussion groups on career opportunities in merchandising, law, engineering, business administration, and other fields. Based on subsequent enthusiastic comments, Bell & Howell plans to make the session a bi-annual event. No attempt was made to get the youngsters to "follow in dad's footsteps."

A miniature air conditioning system developed to eliminate fogging, freezing, and dirt infiltration of aircraft gunsights, but having widespread civilian applications, has been developed by a Brooklyn, N. Y., instrument firm, Daco Machine & Tool Company. The desiccating device, when used with optical, electronic, and mechanical instruments, solves those problems involving humidity which result when a plane changes altitude.

The miniature desiccator was designed to "breathe" with each shift of altitude simultaneously filtering and dehumidifying all the air entering the gunsight. By the automatic application of heat, the desiccant (silica gel) is reactivated whenever altitude changes.

Daco engineers report that progress is now being made on new models whose automatic reactivation does not depend on changes in height, paving the way to use with adding machines, time clocks, and other business equipment in tropical climates, instrument storage cabinets, electro-mechanical systems, and other commercial devices.

A new semi-automatic drilling, boring, and facing machine for aircraft jet engine compressor housings has been developed by the Modern Industrial Engineering Company, Detroit. The machine has four motor-operated heads located at 45 degree positions around the index table, each performing a different set of operations.

Indexing by hand is provided to permit inspection of both the tools and the part between successive precision machining stages. This avoids a possible scrapping of valuable precision parts due to worn or broken tools.

When the cycle button is pushed, the

first station is energized, causing the core drilling, spotfacing, and counter-sinking operations to be performed. A light on the control panel shows when the station is operating correctly.

The head on the first station recedes automatically after feeding to depth. At the end of its return stroke, the index pin is automatically disengaged, the air cylinder hold-downs are released, permitting the table to be manually indexed to the next 45 degree position.

In like manner, the operation proceeds through the second position in which the head drills four holes in the pad face; through the third in which the head turn-faces the surface of the pad; and through the fourth in which the head finish bores the core-drilled hole.

Nine 45-degree indexes of the table complete all four pads of the jet engine compressor housings. The table can only be indexed in one direction and it is designed so that it will not overshoot its positions.

Jet fuel for passenger planes will eliminate one of the great hazards of flying, according to R. Tom Sawyer, manager of the research department, American Locomotive Company, New York, in a talk before the Fall meeting of the American Society of Mechanical Engineers. He based his statement on the fact that jet fuel is a form of kerosene and is not an explosive like gasoline. From a safety standpoint, he said, the railroads are years ahead of the airlines in their choice of a fuel since they have discarded practically all large gasoline-burning plants.

A descriptive catalog of films dealing with all major aspects of industrial relations was published this Fall by Film Research Associates. In a 74-page *Film Guide on Industrial Relations* comprehensive details on 339 motion pictures and slide films are selected from 77 fully indexed sources. The films are classified under General Human Relations, Supervisory Training, Leadership Development, Health and Safety, Communications, Labor Organizations, and Public and Community Relations.

Among the films described are such well-known productions as McGraw-

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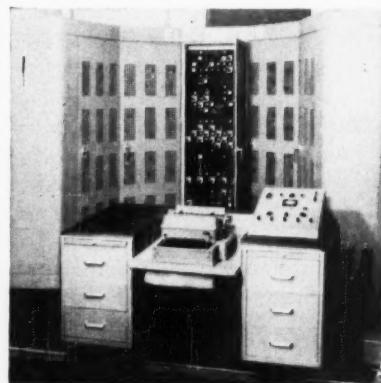
SECURITY STEEL EQUIPMENT CORP AVENEL, NEW JERSEY



Hill's new *Industrial Organization and Management* series, General Electric's *The Inner Man Steps Out*, Dale Carnegie's *How to Make People Want to Co-operate*, and Studebaker's *Partnership in Faith*. The Guide is available from the Film Research Associates, New York City, at \$3 a copy.

A giant electronic brain priced low enough for general use by business and industry and one of the first of its kind to be mass-produced was recently unveiled by the Electronic Computer Corporation, New York City. Called the Elecom 100, it has a controlled memory capacity of 102,400 nine-digit "words" and the ability to solve a ten-digit mathematical problem in three thousandths of a second.

The new computer consists of three units, a conventional style of office desk



A conventional typewriter feeds the problem into the computer and, after the lightning-like calculation has been completed, accepts the answer.

at which the operator sits, a metal drum memory unit the shape of a water cooler, and the computer proper which is housed in five steel cabinets joined together in a semi-circle. It operates on standard 120 volts alternating current and can be easily moved about, since the units are on casters. It is priced at \$6,500.

The harnessing of atomic power for industrial use rather than destruction is getting an ever larger share of attention among industrialists in this country. The growing interest, marked by industry's willingness to invest its own funds to speed nuclear research, was brought out in an interview AEC's Dr. Lawrence R. Hafstad, director of



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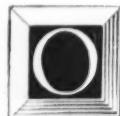
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the Division of Reactor Development. The interview was published in a recent issue of *Chemical and Engineering News*, weekly organ of the American Chemical Society.

The AEC, which encourages industrial participation, he said, is now launching a joint research with Dow Chemical and the Detroit Edison, at their own proposal, on a dual-purpose breeder reactor. The breeder reactor (one which produces more nuclear fuel than it consumes) will require an estimated initial investment of \$250,000 by the participating companies and \$750,000 by the Government.

The learned Dr. Hafstad, however, emphasized that industrial participation would not be limited to a few large companies, nor has it been. He pointed out that Westinghouse had 3,000 subcontractors on the Submarine Terma! Reactor job last year.

One of the greatest problems now confronting industrial research in the atomic field, he said, was that of lifting the veil of secrecy from data needed by industry, but lying in the borderline security area. An advisory committee of industrialists, mostly representatives of technical societies and publications, he said, is now helping the AEC select information of value to industry which should be considered for declassification.

Changing old silent films into sound motion pictures has been facilitated by a development recently announced by the Bell & Howell Company. The new system permits the magnetic recording and playback of sound directly on standard silent film, perforated along both of its edges. The older and more costly method of making a copy of the silent movie on a film perforated along a single edge (formerly required to allow sufficient space for the magnetic sound track) is no longer necessary. Now owners of standard silent films can convert directly to sound for $3\frac{1}{2}$ cents a film foot, the cost of Bell & Howell's Soundstripe service.

An electronic vibration analyzer which is both portable and simple to operate has been developed by the International Research and Development Corporation, Columbus, Ohio. Called

the model 652 Vibration, it will measure the amplitude and frequency of the vibration without any computation on the part of the operator and, by means of a stroboscopic light, determine the source of the vibration. Operating on a 110 volt, 60 cycle current, it consists essentially of a vibration pickup, a multi-channel electronic circuit, and a stroboscopic lamp.

As maintenance equipment, it can be used to discover and correct unbalance in manufacturing equipment, to prevent loss of accuracy, and to discover and correct sources of equipment wear, thus helping to prevent breakdowns and costly repairs. It can also be used to synchronize machine speeds.

IDEAS

(Continued from page 31)

offices are now an oasis in the confusion of selling in the Windy City. A salesman can call directly on the member of the purchasing department who buys his specific product. All this is delineated in the new fourteen-page booklet entitled "Salesman's Interview Guide." Pure Oil tells the salesman that it is interested in any product that will locate the crude oil and get it out of the ground better, faster, and at a lower cost. And the salesman can find in the booklet the research, refining, transportation, and marketing needs.

All this is not only sound public relations, but constructive thinking as well. Compare such courtesy with this treatment.

One representative called at a large industrial plant. He succeeded in clearing three gates. At the fourth he was told that all persons calling on top management must be cleared by the Purchasing Department. Okay, he'll clear purchasing if that's the procedure.

Purchasing, however, refused to be cleared so easily. First there was the matter of filling out a form in triplicate. That he did. Why triplicate and whence the copies were dispatched he doesn't know.

But he was rewarded by being called into an office which was the outer



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office of another set of offices lying somewhere in the mysterious great beyond of the door marked *Private*. Here he was asked to explain what he wanted to discuss and with whom. He gave the information. It was all duly noted. The message went into the first office beyond *Private*. Through an open door he could see the second office.

Time marched on. Word came from behind *Private* that, if he wished, he could have an appointment in ten days to see the man two doors back of *Private*.

Ad Infinitum

And what would this appointment get him? It would get him an appointment to see the man who would clear him further to see if he could see the man whom he had come to see in the first place.

If all this could be arranged, he might then pass through another set of offices in the administration building to see a man who would then set up an appointment for him to see definitely the man with whom he could talk.

This was fine with our man. He figured that all this could be arranged in several months and since he was calling in July, it was a warm place to come back to in the Winter.

Just as he was ready to leave, he had another idea. Could he see the chief industrial engineer? Yes, he could. Which one would he like to see? Oh, which one? Yes, there are ten at this plant. So he looked at the list and made a stab at one name.

No, our man didn't see the chief engineer that day. But since his papers were already in Purchasing, it might be arranged so that he could see the man he had picked at about the same time that he would see the man he had originally come to see.

Our man wasn't too long in getting back to the home office. But he wonders how long it would have taken him to get out if he had managed to get all the way to that mysterious executive in the administration building.

That's case Number One. There are many, many more. But just try the next one for size.

Just before joining our organization, one of our men had a similar experi-

ence. He was selling neither a product nor a service. He was selling himself in search of employment. This company had advertised for a man with his abilities.

Relay Race

So he called on the company. He filled out a long form and returned it to the receptionist who had given it to him. She took it and disappeared into an office. She came out and resumed the typing she had been doing before the applicant arrived. Later the buzzer on her desk sounded and she disappeared into the office. She came back with a request for some specific information. This was supplied. Again she disappeared and then reappeared.

Once more this was repeated. This time she came back with more forms to be filled out which asked for detailed information not requested on the first form. These also were taken into the office beyond the door. Once again back in her seat and typing, she was summoned by the buzzer.

She came back and asked what was the minimum salary expected. The applicant failed to supply it on the form



CUSHING PHOTOGRAPH

hoping for the chance to discuss that point later in an interview. The figure was given and again the girl vanished. She was gone for some time. When she returned, she outlined in detail the work to be performed on the job and again asked the minimum salary desired. She was given the same figure. Back into the office she went with the unchanged salary request.

When she came back she reported that the assistant personnel director could not forward the application to the personnel director because the personnel director had told the assistant personnel director not to go over a

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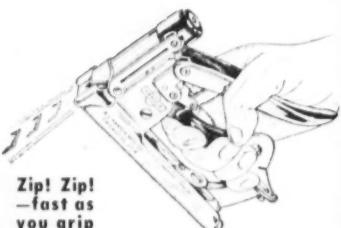
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certain figure and that this figure was in excess of the figure that the personnel director had given the assistant personnel director to give to the receptionist to give to the applicants.

That was it. Simple procedure.

Insulation Plus

Here was a personnel director who had insulated himself from contact with the applicants lest he be swayed by ideas, personalities, or apparent abilities. He was concerned with money rather than capable personnel.

We arrive now at "The Case of The Man With The Muddled Mind."

This man suffered from a mental disorder brought on by exposure to the chief Hollywood export. He knew what a company president should be like. For years he had seen them in the movies surrounded by batteries of telephones and secretaries.

This victim started off well enough; he was the works manager at the plant before the blow fell. It all started when the president died and he was moved up to be the head man. So he moved up to the front office, surrounded himself with the phones and the girls, and then became the high-powered, unapproachable executive.

Visitors to the plant told their stories to someone way down the line, and when the story reached Muddled Mind, they had been distorted by four or five retellings with the usual embellishments and deletions.

The isolation at the top hurt the company. It hit the skids and was on its way to rock bottom when Muddled Mind was eased out of the top job.

The new president talks to people.

Fine, you might say here, but do we practise what we preach?

The answer is definitely, yes. And here's why.

It has long been the policy of the company for a person of some authority to see each client, caller, salesman, and on down the line. We don't sell every client who calls nor do we buy from each salesman who visits.

But we do give and get information. Much of it is helpful and, at times, extremely valuable. For example, there is the Case of the Concrete Walls. Some concrete walls and partitions had to be ripped out. When the jack-

hammers went to work, the noise was unbearable to all the office help who remained on the job during the transformation.

Unexpected Source

We had a salesman call at our home office one day and, if paper clips are related to real estate, the same relationship existed between his line and concrete walls. But in the course of our conversation, he mentioned a process he had seen of cutting concrete with a torch. We rushed this information off to the engineers on that job and at this writing the torches are being tried. If that process can do the job, time and money and the jangled nerves of an office staff will be saved.

We could fill a file room with just such incidents. It was just the other day that a sixteen-year old lad passing my farm solved the problem of lifting 150-pound bales of hay up to the mow. These things can happen daily. The caller need not be a salesman. He may be a friend, a casual visitor, a gentleman who got off the elevator at the wrong floor, a college graduate seeking his first job, or an elderly executive who fancies himself as the saviour of our business. It may be a girl just out of high school who would like to be a stenographer. Possibly, it's Mrs. Up-the-hill soliciting funds or getting out the vote.

There's a world of information and it's all yours for the taking.

Since this is a give and take proposition, there should be some discussion of the "give." In the day-to-day course of our business, we may be making market studies, working on cost prob-



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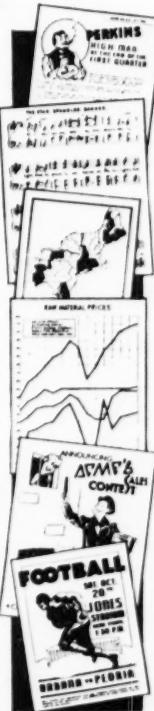
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Here's a typical case history of the many many hundreds our company has experienced. A year ago one of our representatives called on a large Eastern corporation. He was granted a lengthy interview with the president and, at its conclusion, was told that our services weren't needed at that time.

Bread on the Water

During July, the president of that company called me on the phone and told me that he had been able to make good use of the information that our man had left with him. The company now can use our services and would we send the same fellow back to talk with him. No, he can't think of the man's name, but he does remember that our man had made sense and had some sound ideas. Oh, yes, have him bring a contract.

A little give and take paid off for that company immediately and again in the future. It meant business for us a year after the exchange of ideas took place. Similar experiences could fill the pages of a large book.

It is an encouraging note to be able to walk into plants these days and see on the foyer tables little folders of welcome. Callers are being welcomed as partners in our free enterprise system instead of being looked upon as intruders in the day's routine.

What about you? How many times have you taken the word of a stranger and hurried down the street because in passing he shouted to you, "Fire!" or "Bank Robbery!" or "Man Shot!" Now ask yourself how many times you have gleaned useful information either in or overhearing conversations in Pullman club cars, hotel lobbies, or airplanes? Then again, how many times have you refused to see a man who actually called on you at your office with definite and specific information applicable to your business?

The *Wall Street Journal* published a cartoon in which the receptionist tells a caller, "I'm sorry. Our buyer never sees salesmen." The implied and in-

tended humor of that statement is sobered and modified by its very truth and applicability to the executives of some companies.

So it is sad to note that there remains this core of executives who refuse to come down from their ivory towers or at least open their windows to the voices that can supply to them the solutions to some of the sticky problems and point the way to genuine dollars and cents savings and earnings.

DEFINITIONS OF TERMS

(For tables on pages 32 and 33)

THE RATIOS—The data used are based upon a representative sampling with a tangible net worth which only occasionally is below \$50,000. . . . The center figure for each ratio (in darker type) is the median. The other two figures (in italics) are quartiles; for each ratio they indicate the upper and lower limits of the experiences of that half of the concerns whose ratios are nearest to the median. When any figures are listed in order according to their size, the median is the middle figure (same number of items from the top and the bottom) and the quartiles are the figures that are located one-quarter and three-quarters down the list.

COLLECTION PERIOD—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any) less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable (plus any discounted notes receivable) by the average credit sales per day to obtain the average collection period.

CURRENT ASSETS—Total of cash, accounts and notes receivable for the sale of merchandise in regular trade quarters less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market, State and municipal bonds not in excess of market, and United States Government securities.

CURRENT DUE—Total of all liabilities due within one year from statement date including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as gross reserves for Federal income and excess profits taxes, reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

FIXED ASSETS—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

FUNDED DEBT—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than one year from the statement date.

INVENTORY—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

NET PROFITS—Profit after full depreciation on buildings, machinery, equipment, furniture, and other assets of a fixed nature; after reserves for Federal income and excess profit taxes; after reduction in the value of inventory to cost or market, whichever is lower; after charge-offs for bad debts; after miscellaneous reserves and adjustments; but before dividends or withdrawals.

NET SALES—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

NET SALES TO INVENTORY—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover which would be determined by reducing the annual net sales to the cost of goods sold, and then dividing the resulting figure by the statement inventory.

NET WORKING CAPITAL—The excess of the current assets over the current debt.

TANGIBLE NET WORTH—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks, surpluses, and undivided profits, less any intangible items in the assets such as good will, trademarks, patents, copyrights, leaseholds, mailing lists, treasury stock, organization expenses, and underwriting discounts and expenses.

TOURNOVER OF TANGIBLE NET WORTH—The quotient obtained by dividing annual net sales by tangible net worth.

TOURNOVER OF NET WORKING CAPITAL—The quotient obtained by dividing annual net sales by net working capital.

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*From text of speech delivered to Tulsa Chamber of Commerce August 21, 1952.

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Make More Money
IN OKLAHOMA

PROFITS

(Continued from page 29)

creased productivity won't help the workers' standard of living. The thing for the workers to do is to get more of the money the company is already making.

The owners and the bosses who are making most of the money have security, so why shouldn't the employees have security? The thing to do is to tax the companies to provide security for the workers. In fact, the thing to do is to tax big business heavily on general principles; they are making too much money.

"A major share of what we call socialistic thinking among industrial employees," says Dr. Claude Robinson, head of Opinion Research Corporation, "arises not from adherence to socialist theory, but by way of protest against what people believe to be unfair profits."

The future political-economic trend of the country may therefore well hang upon whether or not the high-profit misconception can be corrected. But this gives rise to the question as to how it arose in the first place. How did the public's idea of profits come to be so much at variance with the actual facts?

For some years it was a favorite pastime of industrialists, having lunch at the Club, to blame "cockeyed" ideas about profits on politicians, labor leaders, cracked-brain reformers, and socialist idealists.

But all this time, these same industrialists kept right on issuing financial reports in terms that nobody could understand.

You might have supposed that when a labor leader or a politician accused a company of making a profit of 25 per cent, that company would promptly have issued a statement showing what its per cent of profit actually was. But indeed not. The company reported its profit, in the columns of the newspapers, in terms of total dollars earned and dollars per share of stock. Nothing was said about per cent of profit to sales, or even per cent of profit to net worth. There is an old proverb that "Silence gives consent." It might have been good if this company had stopped to consider that proverb rather seriously before pursuing a policy of silence con-

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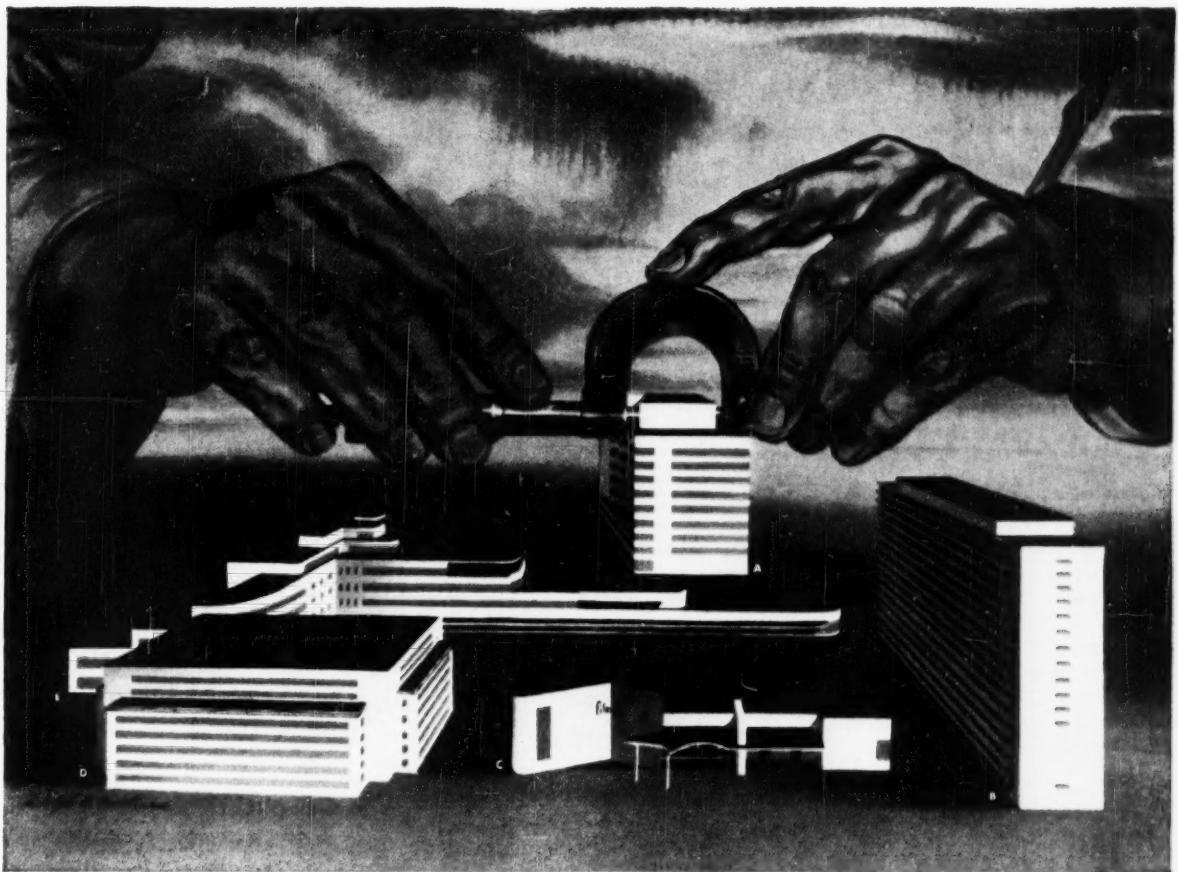
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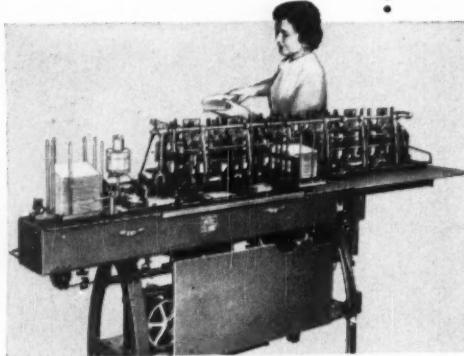
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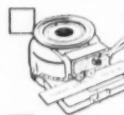
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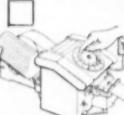
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cerning its reported percentage of profit.

Furthermore, the annual report was presented in a format which had arisen and become crystallized back in the days before politicians realized the power of the profit theme, before unions had financial statisticians, before there was an income tax, and when stockholders were a mere handful by comparison to to-day. In those days concealment, rather than disclosure, was the rule; and how much money a company made "was its own business."

Improbable Origin

In fact, as a corporation attorney once remarked to me, facetiously, I hope, "The financial statement was invented by corporation lawyers as a device for concealing from the stockholders the true state of affairs within the company."

Even after the advent of the SEC, when stockholders had multiplied into the millions, when the general public had been awakened to an active interest in corporate earnings, and when distorted figures as to profits were being trumpeted daily by candidates and



GENDREAU PHOTOGRAPHIE

union organizers, corporations remained bound by accounting tradition. Their annual reports teemed with such terms as accrued liabilities, cost of sales, lower of cost or market, provision for minority interest, sinking fund, premium on debentures retired, depletion, and capital surplus—without any attempt at explanation as to what these things meant, or any simple tabulation which would enable the reader to understand what the company actually did with the money it took in during the year.

Meanwhile, the Federal Income Tax became an ever-increasing factor in re-

lationship to profit. Internal Revenue Department rulings as to what could, or could not, be deducted as an expense had a tremendous bearing upon the amount of net profit reported. This changed situation should have been explained—but it wasn't. Instead of working out a new accounting format to meet this picture, accountants simply adapted the old format in such a way that *they* could understand it, but it could not be understood by anybody else.

Trapped by Tradition

When, at long last, industrialists realized that on behalf of the survival of the free competitive system they must make every effort to explain clearly just what their profit was and how the figure was arrived at, they found themselves so enmeshed in a maze of accounting practises and terminology that the effort was well-nigh hopeless. Thousands of corporations all over the country are to-day desperately trying to translate accounting terminology into plain English. But the solution is not as easy as it sounds.

My Webster's Collegiate Dictionary defines a profit as "the excess of returns over expenditures in a given transaction, or a series of transactions." In short, a boy buys a jackknife for 10 cents and sells it for 15 cents. His profit is 5 cents in cash in his pocket.

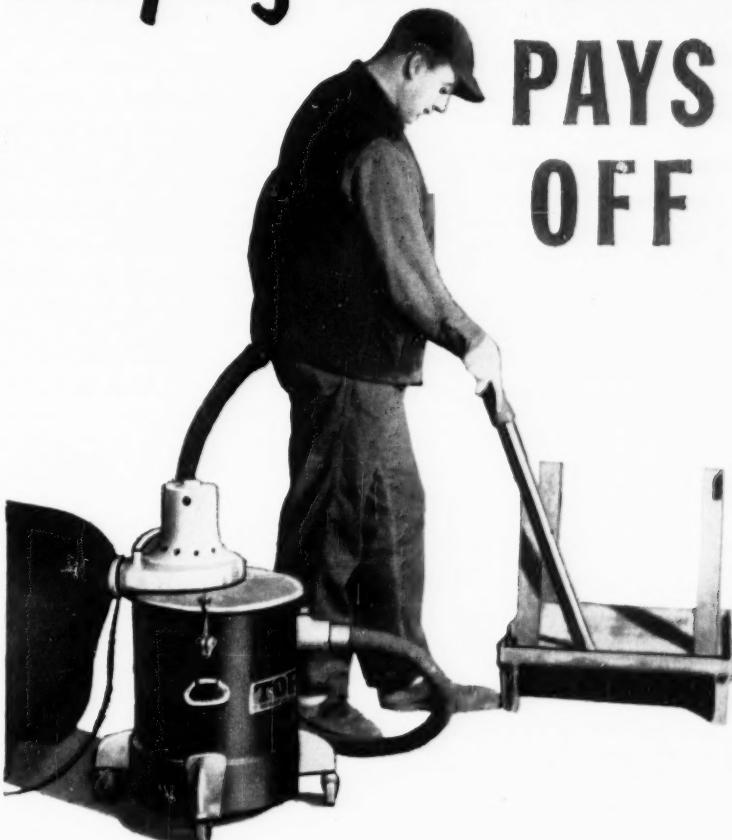
I think that represents the public's conception of profit. I am convinced that when a corporation reports a profit, most people think that figure represents cash, and shows what was left over, out of the company's income,



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Playing with Sand

PAYS OFF



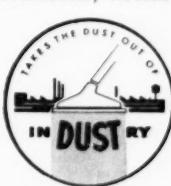
Tempel Manufacturing Co. turns a time-consuming job into play and makes it pay off.

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after subtracting all of the company's expenditures.

To illustrate what I mean—let's show the results of a year's operation of a company as I think most people would figure them; using small dollar totals because they are easier to understand, but applying thereto a tax rate (45 per cent) applicable to large corporations, to illustrate the principle involved:

For Instance

Income	\$100,000
Deduct:	
Wages, salaries, and employee benefits	\$37,000
Materials, supplies, etc ..	39,000
Administrative, selling & miscellaneous	11,000
Plant upkeep and new machinery purchased ..	10,000
Money left over as Profit	3,000
Federal Income Taxes	1,350
Net Profit	\$ 1,650

The above certainly represents "the excess of returns over expenditures in a series of transactions." That's the way the public might figure it. Of course Government and the accountants would figure it like this:

Income	\$100,000
Deduct:	
Wages, salaries, and employee benefits	\$37,000
Materials, supplies, etc ..	39,000
Administrative, selling & miscellaneous	11,000
Depreciation	1,000
Taxable Profit	12,000
Federal Income Taxes	5,400
Net Profit	\$ 6,600

This would amaze most people. They've never heard of a "depreciation allowance." How would they know the company was not permitted to deduct as an expenditure the \$10,000 it spent for plant upkeep and invested in new machinery, and was allowed to deduct only its depreciation allowance of \$1,000? And, they might ask, how could a company report a profit of \$6,600 when it had only \$1,650 left? Yet that is only the beginning of the story.

Under Section 102 of the Internal Revenue Code, a company is supposed

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to pay out most of its net profit in dividends to the stockholders unless it can justify its need in the business. Otherwise it may be accused by the Government of holding back dividends so that stockholders will not have to pay income taxes on them. A fine may be imposed if the Government decides a company is "guilty" of this practise.

A Losing Profit

Under the arithmetic in the first table on page 82, the company could have paid out \$1,650—that is, the total remaining over and above expenditures—to the stockholders, and "come out even."

But under the arithmetic which the Government and the accountants insist upon, the company might figure that partly because of Section 102 and partly because, in view of the size of the reported profit, its stockholders would expect it, it had better pay out in dividends at least one-third of its reported net profit—namely, \$2,200.

This would leave it only \$4,400 out of its \$6,600 "profit" to apply toward plant and new machinery. It also could use for this purpose, of course, its \$1,000 depreciation allowance; making a total of \$5,400. But it actually spent \$10,000. Where did it get the rest of the money?

Let's suppose it had to borrow from a bank. Here, let us assume, is what happened:

Requirements:

Wages, salaries & employee benefits	\$ 37,000
Materials, supplies, etc.	39,000
Administrative, selling & miscellaneous	11,000
Plant upkeep and new machinery	10,000
Paid to stockholders in dividends	2,200
Federal Income Tax	5,400

	\$104,600
Income from sale of goods and services	100,000

Deficiency (borrowed from bank)	\$ 4,600

From the standpoint of "Excess of returns over expenditures in a series of transactions", this company came out \$4,600 in the hole. Yet it reported, publicly, a net profit of \$6,600!

It's a most confusing picture. The company did not have \$6,600 "left over"; but neither did it go \$4,600 in



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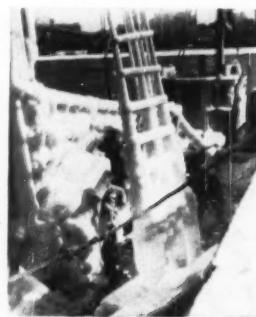
the hole. The money spent on new equipment was retained in the business in the form of machinery instead of dollars.

But that is exactly what the public does not know. A very large share of reported profit exists not in the form of dollars, but in the form of plant and equipment. That is the very nub of the profit misconception. The public thinks it's *money* left over, whereas it isn't.

Public Opinion

Consider public reaction. People read in the papers that a company made a profit of \$100 million. They think immediately of money bags stacked up in a vault. But suppose they understood that that \$100 million represented a profit of only 7 per cent on sales, and that \$60 million out of that \$100 million was being spent to improve the plant and purchase new equipment to keep the company modern and competitive. Wouldn't that make a lot of difference?

But this isn't easy to explain. For, after reporting a profit, you then have



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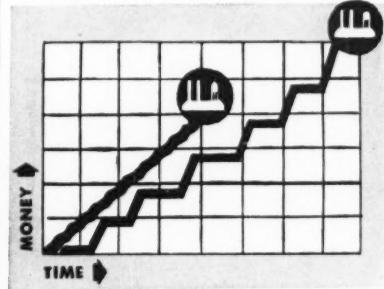
to go on and explain that it isn't "profit" after all, in the sense of being the "excess of returns over expenditures." You have to point out that the whole meaning of profit has changed; and that to-day profit consists of a technical figure in a tabulation dealing largely with depreciation and taxes under a current set of laws. How to tell this story so people will understand it, is the big dilemma confronting industry to-day.

It is not helped by accountants who still cling to traditional terminology. Semantics is important.

For example, an old-line accountant will tell you that a corporation does

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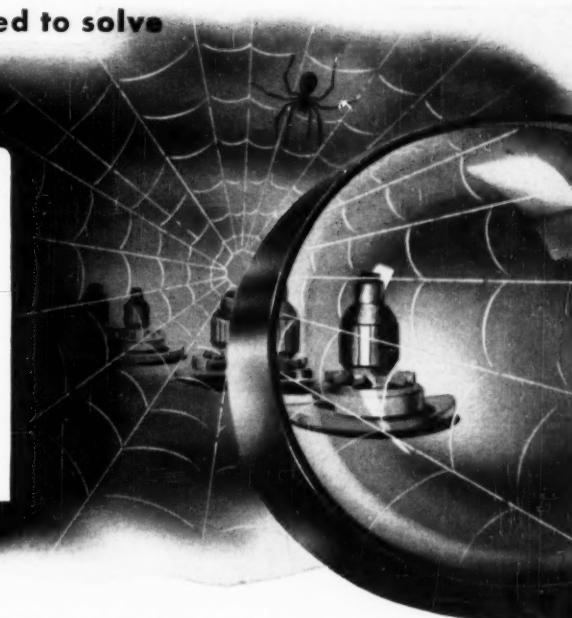
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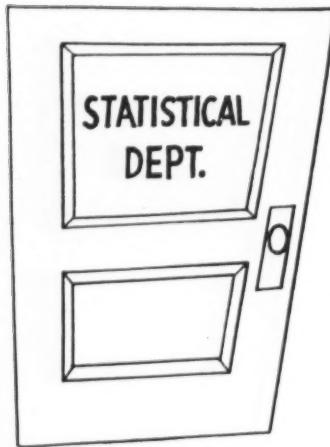
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not pay dividends out of profits. Instead, profits are transferred to surplus, and then dividends are paid out of surplus. Many annual reports have what they call a "Surplus Account."

But now let's look up that word "surplus" in the dictionary. In my Webster's, it is defined as "that which remains when use or need is satisfied; excess; overplus."

Easy to Agree

When I'm working in the back end of the plant of a big corporation, and the Union agent tells me that in their annual report they admit publicly that they have a surplus of \$100 million over and above what they need to keep going, isn't it natural to agree with the Union agent that I should get some of that money instead of the stockholders getting all of it?

In many annual reports there is not a single word to indicate that surplus does not exist in cash, but that by far the major share of it represents plant, machinery, and physical assets necessary to the conduct of the company's business. This is perfectly clear to an accountant or corporation executive; just as an accountant or a corporation executive knows that to-day a large share of reported profits must in most cases be reinvested in the business in the form of machinery and other physical assets. But to the public the dollar sign means dollars.

The problem is bound to become more and more acute as time goes on. The defense program is centering public attention upon the old theme of war profits—and meanwhile progressive inflation makes it imperative that companies make still larger profits in order to offset the dwindling value of what the Government permits them to deduct as depreciation allowances.

For example—twenty years ago a company bought a machine tool for \$20,000. During the last twenty years, it has recovered, tax-free, \$1000 a year toward the replacement of this machine. It has now gotten back its \$20,000. But when it goes to buy a new machine to replace the old one, it finds that with the decline of the dollar, the new machine costs \$40,000 instead of \$20,000. Where can it get the extra \$20,000? Unless it can bor-

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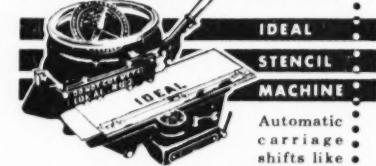
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row it from somebody, or persuade the stockholders to put up the money, it will have to come out of earnings that are left after paying taxes. The current Internal Revenue Code makes no allowance for inflation.

Profitable Loss

The fact is that under our present system of tax laws, in this inflationary period, unless you have a substantial "profit" to report, you may actually be operating at a loss. If you can't get enough out of profit to keep your plant and equipment in shape, your company goes downhill, and you wind up in the hole. Under Internal Revenue Department arithmetic, a certain amount of profit is required just to stay even with the game. In fact, a company could show a profit year after year and never pay a penny to its stockholders and be worth less at the end of the period than at the beginning.

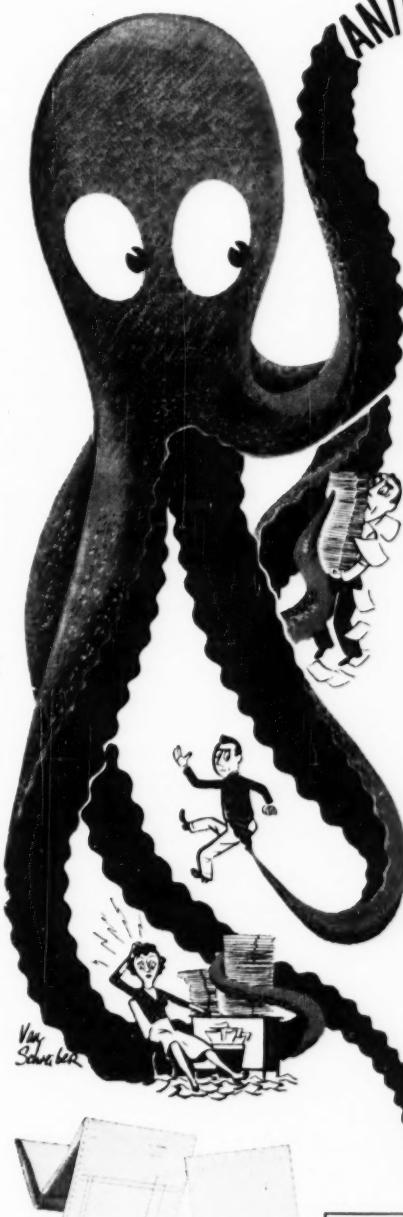
Under these circumstances, the word "profit" no longer makes sense. The time may well have come to junk this word in financial reporting, and to find a new term more in line with realities.

Such a term might be "net worth." Accounting-wise, this is arrived at by subtracting a company's liabilities from its assets. It means just what the term implies—what the company is actually worth. My idea is that a company might report its net worth at the end of each year. Financial editors interested in annual comparison could report increases or decreases in net worth. This method would also eliminate the word "surplus." I am indebted for this suggestion to C. W.



"One more bit of advice before you start, Miss Lang—in the business world it doesn't matter whether you're a man or a woman."

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Canadian factory and offices, Toronto, Ontario. Makers
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Machines, Vivid Duplicators, Ribbons and Carbons.

Bliss, Treasurer of The Warner & Swasey Company.

Here is a typical simplified Income Statement reported along traditional lines:

STATEMENT OF INCOME
THE ABC COMPANY
FOR THE YEAR ENDED DECEMBER 31, 1951

Income from sale of goods and services	\$ 110,000,000
Costs and Expenses:	
Wages, salaries and employee benefits	\$ 40,000,000
Materials, supplies, etc.	34,000,000
Administrative, selling & miscellaneous	12,000,000
Depreciation	5,000,000
Provision for Federal taxes on income	9,000,000
Net Profit (transferred to surplus)	\$ 10,000,000

The same picture in the new format:

STATEMENT OF INCOME AND NET WORTH
THE ABC COMPANY
FOR THE YEAR ENDED DECEMBER 31, 1951

Income from sale of goods and services	\$ 110,000,000
Costs and Expenses:	
Wages, salaries and employee benefits	\$ 40,000,000
Materials, supplies, etc.	34,000,000
Administrative, selling & miscellaneous	12,000,000
Allowed for Depreciation	5,000,000
Provision for Federal taxes on income	9,000,000
Net Profit (transferred to surplus)	\$ 10,000,000

Remainder available for dividends and reinvestment in the company	\$ 10,000,000
Less dividends paid to stockholders in 1951	\$ 3,500,000

Reinvested in the company in 1951 \$5,500,000 for plant improvements and betterments; \$1,000,000 for addition to working capital) and thereby added to the company's net worth \$ 6,500,000

Stockholder's investment in the company 48,000,000

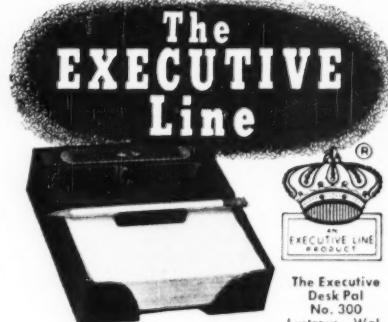
Earnings of prior years reinvested in the company 37,000,000

Net Worth as of December 31, 1951 \$ 91,500,000

Isn't this easier to understand? And doesn't it make clear what actually happened to the money?

What are the true facts? That's the

SILENT SALESMEN THAT SPEAK FOR YOU



The Executive Desk Pal
No. 300
Lustrous Walnut Bakelite, with two deep wells, scads of 3x5 memo paper. Blank sample — \$1.50 postpaid.

Reminds of You and Your Products Every Hour of the Day

Your firm name, slogan or trademark on an Executive Line Advertising Specialty not only makes a distinctive, practical gift for your customers and business prospects, but builds good will and acts as a constant reminder of your organization.

The Executive Line is distinguished because each and every item is carefully designed to be extra valuable, extra useful and to render a lifetime of use.

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TAPE MEASURES • STEEL RULERS
NOVEL PAPERWEIGHTS • KNIVES
CALENDARS • LIGHTERS
PLASTIC FOLDING 6-FOOT RULERS
AND YARDSTICKS • PEN SETS

The EXECUTIVE LINE products are available from most good Advertising Specialty firms or mail coupon TODAY, attached to your letterhead.

Triple Threat Letter Opener No. 1102
Stainless Steel Handle—folding 8" ruler, a mm. measure and a protractor. Back, a decimal equivalent table and reduction scale. Blank sample — \$2.00 postpaid.

Pocket Slide Caliper No. 1045
Multiple use tool, 18-8 Stainless Steel. Etched calibrations in inches and metric system and decimal equivalent table. Genuine leather case. Blank sample — \$2.00 postpaid.



The Executive Ruler Knife No. 503

All steel—lifetime construction. High temper carbon cutter with 2 full mirror-polished blades. Wafer thin, lightweight. Three scales. Blank sample — \$2.00 postpaid.

The EXECUTIVE LINE, 136 W. 54 St., New York 19, N.Y.

Send free catalog and prices. I am enclosing \$ _____ for following blank samples (check). No. 300 No. 1102 No. 1045 No. 503

Name _____

Firm's Name _____

Address _____

City _____

Zone _____ State _____

DR-1152

essential question. As Dr. Robinson says, "It can be demonstrated that when you take the ideologies of people with different informational levels, you always find that the ideologies swing to the right as the facts are clearer in people's heads. That is demonstrable over and over again. It doesn't make any difference what income groups or what age groups or what educational groups they are; that basic principle holds. The more people know about the capitalistic system, the more they believe in it."

Action of some sort is certainly called for, and at once. We cannot let the free competitive system go by default because industry, with all its productive genius, is apparently unable to devise a method of explaining to employees and the public what it does with the money it gets. Our American system is often called the "profit system"—but to-day, a profit is without honor in its own country.

If the majority of the American public should finally decide that the Government can run things better than industry, and socialist concepts prevail, it will be a tribute to the inadequacy of financial reporting.

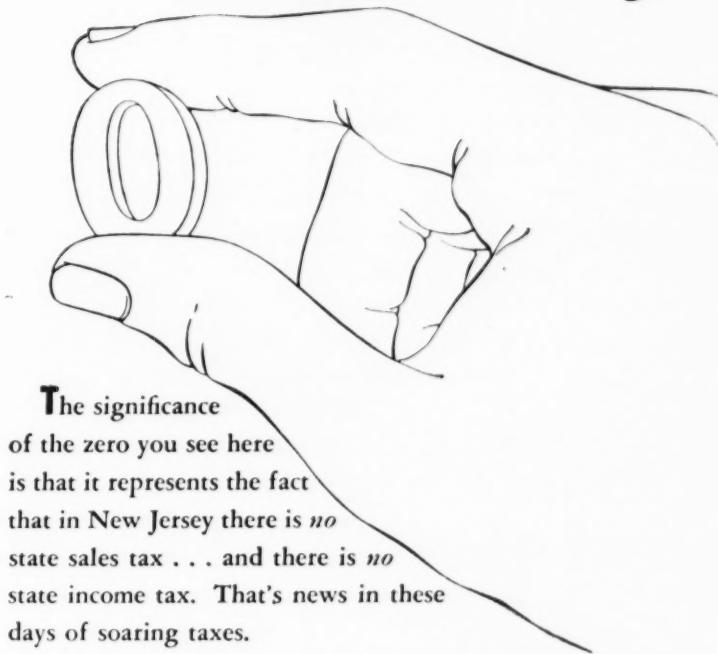
FAR-AWAY LOOK

(Continued from page 28)

mand, a group of tough, hard-bitten individuals made their appearance. They were the first motor truckers of the nation, many of whom sprang from the farm and the small town. They began to buy motor trucks and put them to work, first on local hauls and later on inter-city, then inter-State operations. They found the going tough. Roads were terrible and mechanical trouble in those days was trouble indeed.

But these men weren't the kind to become discouraged. They kept at their jobs and they performed their tasks better and better with each succeeding day. Their daring and aggressiveness began piling up new fields of

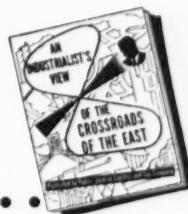
••••••••••••••• What's New in New Jersey



The significance
of the zero you see here
is that it represents the fact
that in New Jersey there is no
state sales tax . . . and there is no
state income tax. That's news in these
days of soaring taxes.

What's the result? Today many *new* industries are considering plant locations in New Jersey, the Crossroads of the East, where the taxation climate is favorable to industry. Here are real advantages to all business — large and small — because here there is *no* individual state income tax . . . *no* state corporation income tax . . . *no* state sales tax . . . and complete exemption of intangible personal property from local property taxes.

Want to know more about the news in New Jersey which affects all industry? Write Box D, 78 Park Place, Newark, N. J. for the brochure, "An Industrialist's View of the Crossroads of the East."



•••••••••••••••
PUBLIC SERVICE
...AT THE CROSSROADS OF THE EAST



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Now, with the revolutionary new Bruning Copyflex Tax Return System, you can get all the clean, error-proof, low-cost, exact copies you need without any typing, carbons or proofreading.

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Company.....	
Street.....	
City.....	Zone..... State.....

usefulness for them. They had a tool that was of great benefit to many manufacturers and producers. Their business boomed.

Too Busy to Look

They were too busy, that was the trouble. They were so active in the field they didn't notice that certain legislation was being passed that spelled grief for them. In State after State, trade barriers were being erected against them by interests that didn't understand the vital rôle for which trucks and trailers were destined.

I am proud to say that Fruehauf, under the leadership of my brother, Harvey, became aware of these discriminatory measures as quickly as anyone in the field. The company had been doing rather well: orders were coming in in great numbers and we had production planned ahead for many months at all times.



The AUTHOR



Roy A. Fruehauf started as a salesman with the Fruehauf Company just a year before some unpleasant economic disturbances in late 1929 affected the business world. Working out of the Chicago office he turned that "far-away" look toward the West and discovered a fertile field.

In 1933 he became the Western sales manager and two years later was vice-president in charge of the Western Division.

Next he served as vice-president directing sales, then in charge of operations, and then as executive vice-president. Since 1949 he has been president of the Company.



Yes, Fruehauf could look ahead to-morrow and find the sight a very pretty one. But when we looked ahead to the day after to-morrow, we found the view most disturbing. Things looked all right for us, as far as a casual glance was concerned, but how about our customers? What was the outlook for them? Plainly it was gloomy. The time had come for us to take the plunge.

This was the real, physical beginning of our long-range public relations planning. We did the obvious things at once. We joined the State trucking associations. When the national parent organization, American Trucking

Associations, Inc., was formed, we supported that by becoming a member, by contributing in various ways and by advertising in its publication.

Participation Plus

But there was more than that; and that is what I mean by looking toward to-morrow. We began releasing publicity about the industry and its problems, calling on the fair play instinct which we feel is inborn in all Americans. We issued bulletins to truckers and others in the field, alerting them to the dangers that confronted them. Our representatives began to give addresses at State trucking conventions, before luncheon clubs, traffic clubs, advertising clubs, every sort of service and civic group.

Such was the plan we adopted early in our career as a business organization. It is one I hope we will never abandon.

In line with this sort of thinking, Fruehauf did a little soul-searching in the mid-1930's. We had been pretty smart, we felt, in ferreting out problems and perils facing the industry, but had we been smart enough, thorough enough, sufficiently well-informed? Had we taken advantage of the best possible thinking on the subjects that were so dear to our hearts?

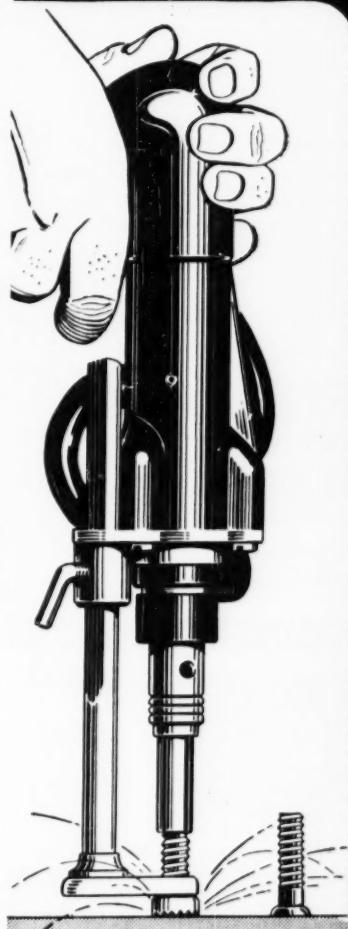
Harvey and Les Allman, our advertising specialist, didn't think we had explored every avenue of knowledge in the myriad problems involving traffic, transportation engineering, and the general use of highways.

One day the two of them slipped quietly into Ann Arbor and had a long talk with a man named John S. Worley, Professor of Transportation Engineering at the University of Michigan. This man Worley was known as a foremost authority on highway haul-

The publishers of DUN'S REVIEW will appreciate notices of change of address as early as possible. Usually it is necessary to have four weeks' notice in which to make the change. The old address is needed; if it is possible to furnish a stencil impression from a recent issue that will be very helpful.

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right in your own plant, how you can benefit from this modern fastening method.

Write today for the Nelweld Clinic brochure to Lorain, Ohio.

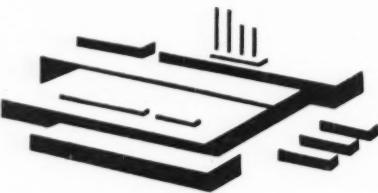
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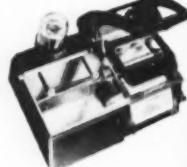
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PRINT YOUR OWN bulletins, drawings, price lists, letters, office forms, charts—as many as 5 colors at once. Type, write or draw on paper master, then make up to 300 copies in a matter of minutes. Clean, simple to operate.



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**\$AVE 50% LABOR-TIME
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Fitting any standard fork or platform lift truck thousands of ROURA HOPPERS are in constant operation handling wet or dry, hot or cold, bulky materials. Simple to operate, only one man is required for distributing and unloading, quicker and easier!

The ROURA HOPPER dumps, rights and locks itself securely by a simple lift of the patented release handle. Sizes 1/2 to 2 cu. yds. ROURAS can also be designed for flat trucks and in other sizes to meet specifications can be equipped with special flanges to permit stacking for storage or future distribution. The ROURA will quickly pay for itself many times over.

Write today for detailed brochure

ROURA IRON WORKS, INC.
1409 Woodland Ave. Detroit 11, Mich.

age, roads, and other phases of transportation.

As a manufacturer of trailers to whom a knowledge of such matters was vital, Fruehauf had need of more technical assistance than it had at its command, the professor was told. Would he be interested in looking into the motor transport industry for Fruehauf? Would he make a thorough study of the traffic situation on a national plane, examine the requirements, the needs, the problems, the solutions?

The Whole Truth and—

The academic mind of Dr. Worley responded at once to this embracing challenge. But if he was a savant, Dr. Worley was also a purist. He was definitely interested in the job, of course. But would he have an absolutely free hand? Could he count on being above any restraint while making his findings? Would he be expected to come up with certain answers and only certain answers? If this was so, he did not want the assignment.

The Fruehauf representatives were delighted to find such an independent attitude, because what they wanted above all else was an impartial viewpoint. When Dr. Worley became convinced of this consideration, this fearless, honest man—a member of the bar and a civil engineer as well as a professor—readily agreed to take on the imposing assignment.

The first thing Dr. Worley impressed on us at Fruehauf was that there was a new element to be added to the influences that shaped our activities. The interests of our customers had always been paramount with us; Dr. Worley



"I'd like to join you in a little game, Bill, but I've committed myself to a hard-day-in-the-office story."

Showed us that the public interest was of even greater importance. He influenced our thinking on transportation matters to a large degree and the years have proven this vitally important fact: When we make decisions on the basis of what is best for the public, our position is invincible!

The Longer Look

To put it metaphorically, we had now set our sights beyond to-morrow and the day after to-morrow; we were now looking forward to next week.

Along the same lines, let me go back to my own early days in the organization. Like my brothers, I grew up in the business. I was spending my vacations working in the old yard in Detroit when I was in knee-pants. I worked in the service end of the business, handling every nut and bolt used in a trailer. I drove just about every type of truck-trailer unit known to us at the period. When my elders thought I was ready, I was sent to Chicago to join our sales force.

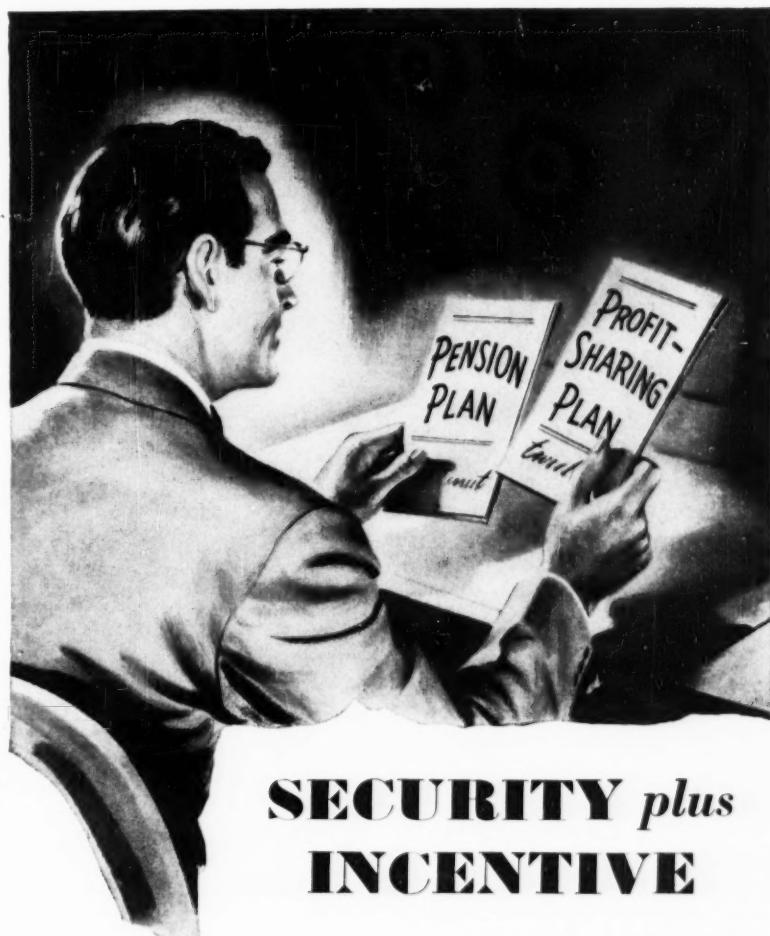
After a few years of selling in the Chicago area, I took the advice of Horace Greeley and went further West. At the time this section was not looked on as a promising area for our expanding business. Industries were far apart, distances were great through barren sections of country, I was told; therefore there was no market for trailers.

"It seems to me," I said, "that this is exactly where they need trailers and motor trucks the most. The railroads certainly cannot cover much of this vast territory. Trucks and trailers can do it infinitely better, cheaper, and quicker."

To-day I am happy to say, Fruehauf is widely established through the West. Livestock trailers, furniture vans, tank trailers, oil trailers, refrigerator trailers, milk trailers, logging trailers . . . just about every variety of trailer known to civilized man . . . now dot the long highways of the West.

So it is, too, with the rest of the country. Although there are to-day 8.5 million trucks now on US roads and only about half a million trailers, the fact is that 15 per cent of the trucks, with the help of trailers, haul some 85 per cent of the tonnage.

In view of this fact, the persistence



SECURITY plus INCENTIVE

Like many employers, you might like to liberalize your pension plan to provide larger retirement incomes for your employees. But you hesitate to increase the fixed pension obligation you have already assumed.

A sound alternative may be for you to create a profit-sharing plan, or a thrift and savings plan, *in addition to* your pension plan.

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This is another typical example of how "B-W engineering makes it work—B-W production makes it available." And of how Borg-Warner serves the nation every day through the automotive, aviation, farm implement, marine and home appliance industries.

Engineering makes it work Production makes it available

Almost every American benefits every day from the 185 products made by

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AUTOMOTIVE PARTS • WARNER GEAR • WARNER GEAR CO., LTD. • WOOSTER DIVISION

of Fruehauf's interest in the nation's roads is understandable, I'm sure. We recently made an effort to bring the highway problem into sharper focus by making an intensive study of the situation. Our findings were synthesized into a set of observations, which we titled "Ten Challenging Statements that Tell the Truth about Our Highways."

Ten Facts to Focus on

The statements were:

1. Modern roads are not necessarily super-highways.
2. Roads are primarily for the conduct of business and commerce—they are not monuments.
3. Nature is the big enemy of roads—not weight and traffic.
4. Private motor cars travel more than 80 per cent of the total vehicle miles on US highways—motor transport accounts for the rest.
5. No one knows how heavy a load a properly built and maintained road can carry.
6. Proper and regular maintenance is the most important factor in road life.



GENDREAU PHOTOGRAPHIE

7. The cost of road surface—the part that takes the wear—is only a portion of the total highway cost.

8. Bridges should be built to match the road—not to fit a low-cost budget.
9. Motor transport already pays its full share for the use and maintenance of roads.

10. Motor transport performs an irreplaceable public service by delivering goods faster and cheaper than other forms of transportation despite handicaps imposed on no other public carrier.

For reasons of space I cannot go at this time into details of the Fruehauf advertising programs, the training schools we maintain for technical and sales personnel, the 85 factory branches all over the country that service not

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Johnson City, N. Y.
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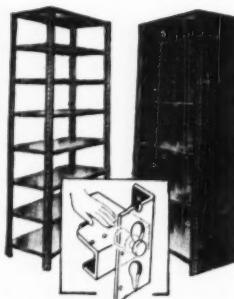


Steel Shelving



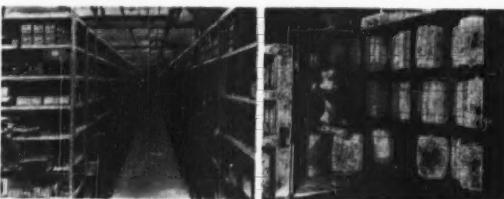
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- Maintenance Depts.
- Electrical Supplies, Plumbing and Heating
- Truck Parts for Fleets
- Tool Room Storage
- Die Storage
- Shipping Room Supplies



No Nuts • No Bolts • No Tools

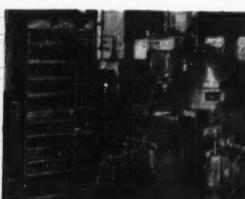
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with Greater Accuracy at Lower Cost per
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Burgmaster
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SIX SPINDLE TURRET TYPE POWER
INDEXING, DRILLING & TAPPING MACHINE

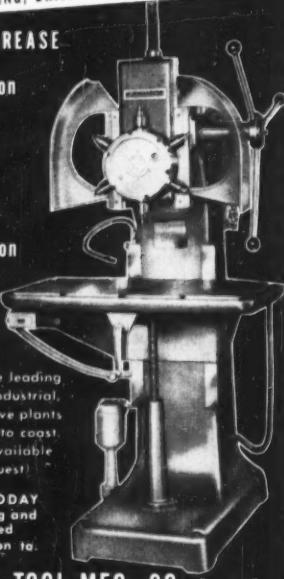
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only Fruehauf trailers, but other makes.

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We know the American people, too. We have made it our business to know the public and to consider its problems second to none. For they are the ones we will eventually have to please. That is what I mean when I say we must look beyond to-morrow.

CATALOG

(Continued from page 26)

by the Department of Defense or any of the military departments.

At first sight this may appear to be a relatively simple problem, but when one visualizes the vast number of items used and stocked by the military departments, and the wide differences in supply concepts among the various bureaus and technical divisions of the military departments which have been generated over a long period of time, along with the necessity for reconciling these variables if a common viewpoint is to be achieved, one begins to recognize the enormous difficulties facing those authorities who must achieve uniformity in cataloging, or in standardization.

Take for example, the naming of an item. It so happens that one type of large crane is called by two entirely different names in two of the military bureaus. At the same time, this identical piece of equipment has other names in industry. To comply with the law, it becomes necessary to develop a single name which will be recognized by all users of this equipment to the exclusion of all other names.

This seemingly simple task is often very complicated. For instance, is a wooden container used for shipping any number of commodities, a drum, a hogshead, a barrel, a breaker, a cask, or a keg? The catalogers must decide.

Once a name is decided upon, the item must be described precisely, for unless it is positively identified there

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will always be the chance of confusion in cross-servicing. To say a drum is a drum is not sufficient for there are drums which are shipping containers, drums which are musical instruments, drums which are parts for capstans, and drums which are parts for banjos, to take a simple example. The skipper of a destroyer would have little use for a snare drum if he were trying to get his winch in working order and had requisitioned a drum from an Army installation ashore. Precision in description is essential to a good catalog.

Swap and Save

The possibilities for economy through cross-servicing are considerable. Navy ships carry items identical with those used by Army units ashore; Air Force ordnance items are interchangeable with some ordnance items of both the Army and the Navy; food, clothing, medical, electronic, and a host of other items are common to all the services.

The development of a common language of supply will result in mutual supply reliance among the services which may determine the effectiveness of our fighting machine at war, and will result in efficiency and economy in time of peace. Stocks of replacement parts carried by one service during foreign duty can be reduced if that service knows that such parts can be obtained from elements of another service in the same theater; adjoining installations of different services can share common stocks of many items in common warehouses, thus resulting in smaller inventories and reducing costs in space, handling, personnel, and

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paperwork; recognition of commonness among items required by the military departments will permit consolidation of requirements and bulk procurement which may result in lower cost per unit.

Description Patterns

The identification process requires the development of descriptive patterns for certain types of items so that all items in that group may be described in a similar manner, thus eliminating the possibility of confused identity.

As the establishment of names and description patterns progresses, there must be a concurrent development of a classification system so that every item can be definitely placed in its proper group and class providing a ready index for locating any particular item. There are now 77 groups in the Federal Classification Index. These "commodity groups" are identified by a series of two-digit numbers, which enables the index to be expanded to include 99 groups. Each group is further subdivided into classes, each of which is identified by another set of two-digit numbers, added to the group number.

For instance, one of the groups represents all food items used by the military departments. Within this group there is a class for canned foods. Each item of canned food has been named and described in accordance with the description pattern developed earlier. It has been assigned a seven-digit Federal Item Identification Number which, in effect, tells the particular type of food, particular size of can, and all other pertinent information to identify it.

After careful research to insure that each item is, in fact, an individual item within the supply system and not a duplicate item, the Federal Stock Number, consisting of the four-digit classification number and the seven-digit item identification number is assigned that single item. That item, henceforth and forevermore, as long as it remains in the system, shall be known by that number. When the item leaves the system, the number will disappear and will never be assigned again.

Many people, including well-informed supply management personnel, have felt that the establishment of a Federal Catalog would be the answer

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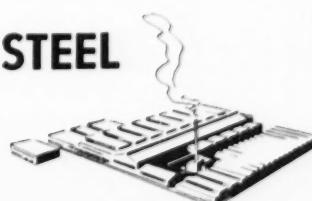


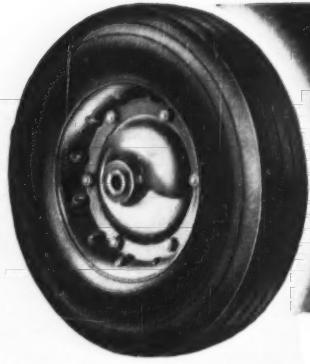
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to all the ills of supply management. However, this is far from the case. The Federal Catalog merely identifies the items that are actually in the system and, although great improvements have already been made through the discovery and elimination of duplicates during the process of cataloging, when the catalog is finally compiled it becomes evident that the work has just begun.

How to Standardize

It is here that standardization begins to contribute to the over-all project. In the field of standardization, it is the responsibility of the Director, Defense Supply Management Agency, to achieve the highest practicable degree in standardization of items used through the Department of Defense, through the development and use of single specifications, in the elimination of overlapping and duplicating item specifications, and in the reduction of the number of sizes, kinds, or types of generally similar items. Two other activities come within the purview of the responsibilities of the Office of Standardization; inspection and packaging.

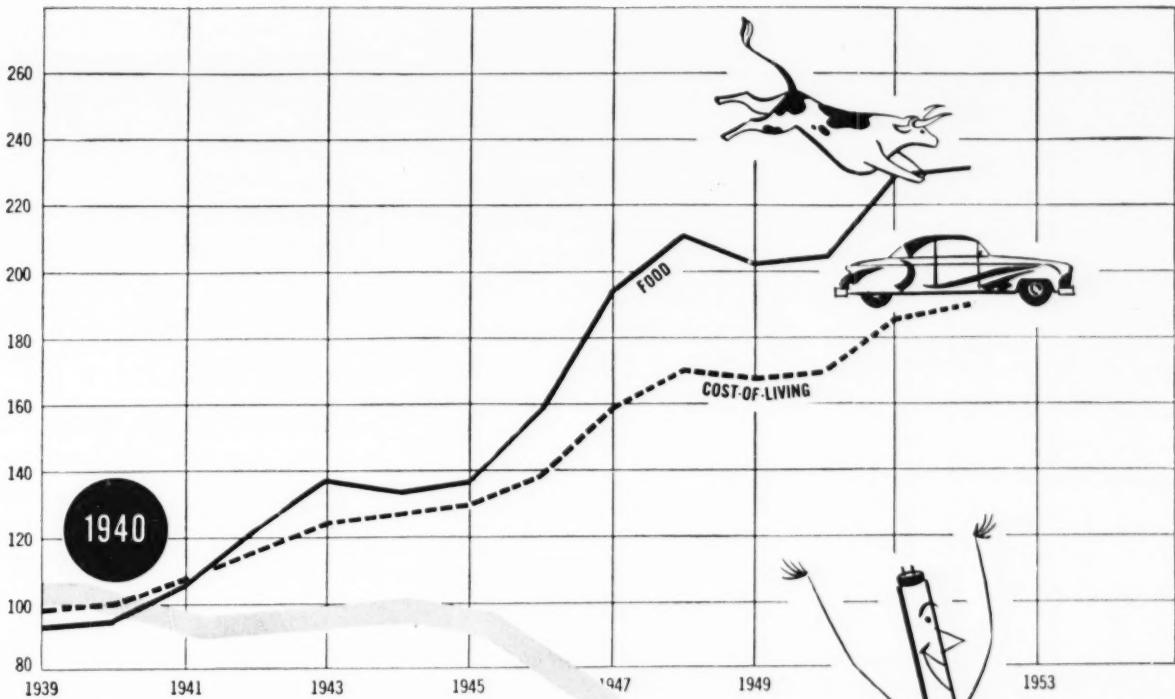
Thus, after cataloging has established what items are in the system, the Office of Standardization makes a careful ex-



GENDREAU PHOTOGRAPH

amination of these items to: first, find out how many items are so nearly identical that for all practical purposes they can be identified as the same item; and, second, make a further examination to see whether it is possible to reduce the variety of items so that the material purchased and stocked by the military departments can be materially reduced while, at the same time, providing sufficient variety to insure that the needs of actual military requirements will be met.

To illustrate, it has been discovered,

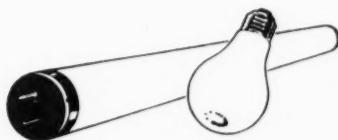


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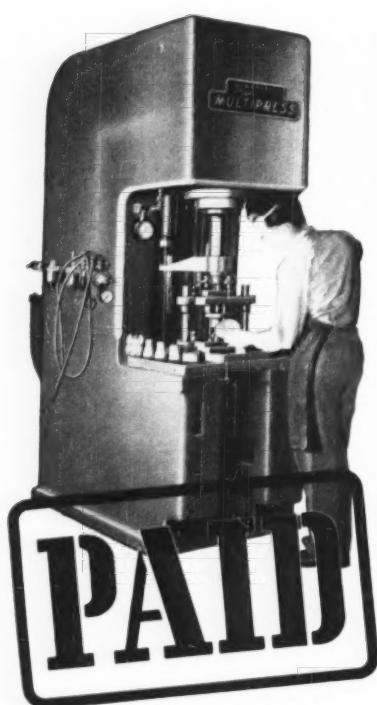
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while cataloging in a certain category, that there were in excess of 800 items actually in the supply systems. A careful examination showed that it would be possible to so classify the nearly identical items as to reduce the actual items to approximately 200. Further examination as to the possibilities of variety reduction resulted in a final insertion in the Catalog of only 50 items, or slightly more than 6 per cent of the original category.

Reducing Specifications

This study can now be followed by an analysis of the specifications covering these items. Concurrent with the elimination of items, there can be a material reduction in specifications. In this process, the final specification adopted is subjected to thorough evaluation to make sure that it is, in fact, a good, sound, clear specification which can be used for supply purposes.

The proposed specification is carefully considered by all of the military departments concerned to make certain that it will meet all their needs. Then, having been concurred in, its use is made mandatory upon every purchasing officer in the military departments when buying items of this class.

Standardization of the common use items, briefly described above, is not the only achievement in this field. In fact, the efforts about to be described will probably pay much larger dividends.

Before detailing the aspect which has the greatest potential economies, it might be well to highlight the responsibilities of the Director with regard to industry participation in the program. The law provides that he will establish and maintain liaison with industry advisory groups in order to obtain, to the greatest extent practicable, the co-operation and participation of industry.

These industry advisory groups consist of representatives of top management from various private companies engaged in the business of producing the commodity for which the committee stands. They are chaired by a full-time Government representative, usually by the Director, Defense Supply Management Agency, himself.

This close working relationship with industry is the first step in improving Government-Industry relations which

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is an overriding consideration in the ultimate realization of the program aims. The unifying of military requirements and procedures will make it easier for industry to do business with the Government.

Headaches to Spare

One of the greatest headaches in military supply is that of diversity in spare parts required to maintain equipment domestically and, even more important, in foreign theaters of war. If there are twelve different types of heavy mobile cranes in the field, it has been necessary to maintain twelve different types or sets of spares to make sure that all of these pieces of equipment could be kept in full operating condition. This, of course, has been extremely expensive and frequently has resulted in the total immobilization of critically needed equipment due to nonavailability of the replacement parts for that particular make or model.

One of the industry advisory committees of the Agency is in the field of internal combustion engines and, some time ago, in conjunction with representatives of the Office of Standardization, this group began a study of how the number of types of spare parts could be reduced for this type of equipment. They limited the first examination to internal combustion engines ranging approximately from three to four inches in bore.

After a prolonged study, conducted for the most part by members of industry themselves representing over 50 companies engaged in the manufacture of internal combustion gasoline engines for sale both to Government and pri-



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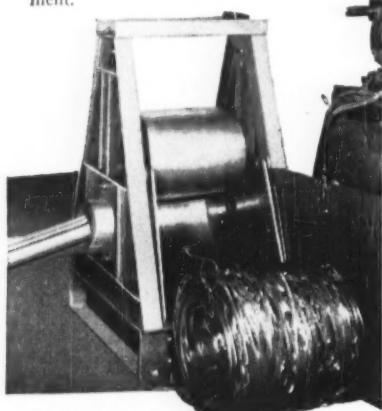
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vate concerns, this committee achieved the following amazing results.

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Cannibalistic Blessings

The benefits are obvious. One service using several such auxiliary engines will no longer find it necessary to stock complete sets of replacement parts for each engine of a different manufacturer. If a standardized spare is lacking, it will be possible to draw one from any other branch of the military services in the area having a similar engine regardless of make. The overseas pipeline burden will be eased.

Similarly, ground troops in action and using equipment powered by one of these standardized engines, will be able to cannibalize similar engines from knocked out equipment to replace parts in equipment still usable. Units of one service will be able to draw from spare part stocks of neighboring elements of another service, or troops ashore will be able to obtain spare parts from supporting units afloat. Ships going off station to return to base can provide their stock of spares to other units.

The standardizing of these parts, with its resultant reduction in spare part supply support at every echelon, will naturally reduce the number of spares manufactured, thus freeing plant capacity for other work, and, ultimately effecting conservation of critical materials, manpower, and money.

Similar studies are now under way in the field of air-conditioning and refrigerating equipment, and cranes and

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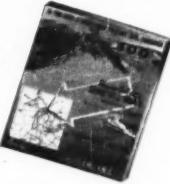


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shovels, and it is intended to expand these studies greatly as time and availability of personnel permit.

It is recognized that most manufacturers have found much grief in the field of Government specifications. It is believed that after the Office of Standardization completes its detailed study in this field, many of the 20,000 specifications now being used by the military departments will be eliminated. Under the pressure of wartime needs, numbers of these purchase documents were developed by the individual technical services and bureaus without regard to the requirements or interest of other elements in the military. Therefore, many of these specifications contain conflicting requirements which only serve to confuse and irritate the producer faced with providing items purchased against them.

Unified Requirements

Wherever it is revealed that more than one military department has an interest in a specification, all existing specifications will be screened to unify requirements and develop a co-ordinated document which shall be binding upon all purchasing officers buying the items covered. The specifications emerging from this process will be



realistic, understandable, and effective. Finally, it is proposed to set up procedures whereby the specifications will be readily available to industry, thus providing a more satisfactory arrangement than has been existent.

Under Public Law 436, the Defense Supply Management Agency, as has been pointed out above, is charged with achieving to the greatest practicable degree, the standardization of methods of packing, packaging, and preserving of all items of supply in the military de-

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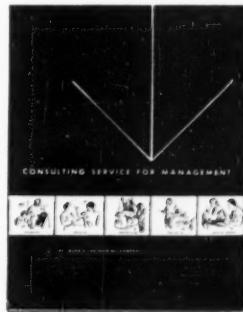
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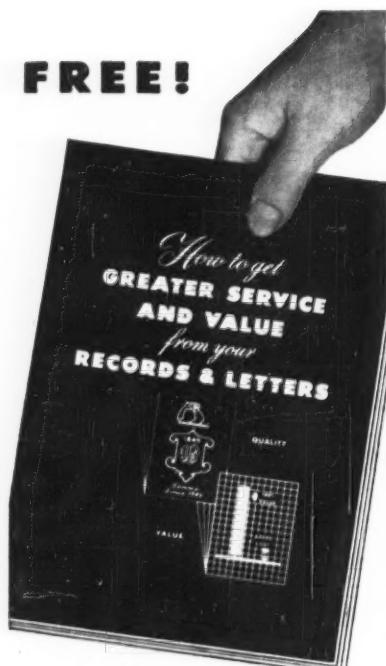
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parts and also of insuring the most efficient use of services and facilities concerned with the inspection, testing, and acceptance of such items.

In the past, each of the departments and, in many instances, each of the technical services and bureaus of the Navy, has conducted its own inspection in accordance with its own concept. In many instances, the methods and requirements of inspection vary widely and, even for similar items, industry has had to cope with these differences.

Unification Program

With the full co-operation of the military departments, the Office of Standardization is now making an intensive study of the possibilities for: one, unifying inspection formats for similar items; and, two, consolidating inspection organizations and facilities to the maximum extent possible. Frequently, it will be possible for one of the services to do the entire inspection for all three departments for one particular commodity.

The office is working toward the ideal of making single inspection assignments wherever there is evidence that economy and efficiency will result, and of assuring that its maximum aim will be to have only one inspection service in any one plant. Trained inspectors are in short supply, and the adoption of this plan will effect economies not only by using personnel effectively through the elimination of overlapping and duplicative inspection, but by guaranteeing qualified inspection at all production points.

The benefits to industry are evident. A manufacturer will then be able to deal with a single military inspector in his plant whereas in the past he may have had several different inspection organizations representing a variety of technical services or bureaus within that plant.

He will be relieved of the necessity for preparing a completely new set of drawings for one bureau, while having on hand a set prepared for another service for substantially the same item. Important in this connection is the prospective saving in engineering talent which, as everyone realizes, is at a premium throughout industry to-day. These changes will result in great over-

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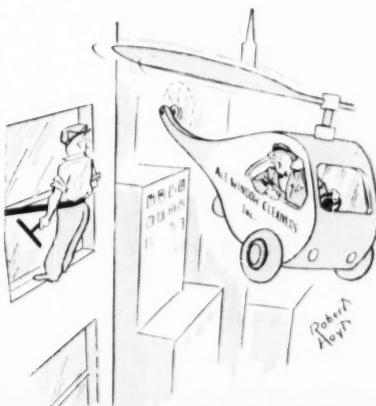
all savings in the cost of any particular contract for the item in question.

In the field of packaging there are potentialities for savings not only in packaging costs, but through the assurance that delicate precision instruments, protected by adequately designed packages, will arrive at destination ready for use. Properly designed containers may be reused for returning items to central overhaul points for repair, providing an economy factor in reduction of loss. During World War II failure to properly protect items sent to the rear for repair resulted in excessive loss in transit.

Packaging Problems

During fiscal year 1951, the military departments spent in excess of \$3 billion in packaging items that they purchased. It is the considered opinion of the packaging industry advisory committee that the unification of packaging concepts and standardization of specifications in that field will materially reduce that figure in subsequent years. In addition, savings will accrue through avoidance of damage and loss to packaged items. Still further, properly designed packages will reduce transportation costs both in space occupied and in the revision of freight classification.

It is well recognized that material going to foreign battle zones must receive special consideration. Commercial export packing, in general, is not designed to withstand either uncovered or open shed storage in the arctic or tropics. A military pack may be subjected to such conditions. Extreme cold, for instance, causes conventional packaging materials to react in



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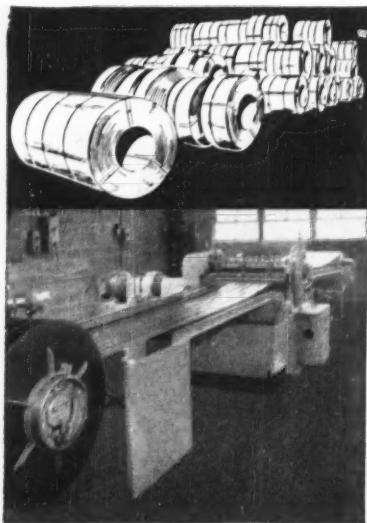
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such a way as to be unsuitable for military use at arctic temperatures. A realistic approach to military packaging requirements may seem excessive to one uninitiated in such facts.

The military is taking aggressive action to establish uniform methods of packaging the same or similar items for all services so that they will stand up under such varying conditions. This effort is expected to result in substantial savings to the Government, while at the same time providing industry with a single set of instructions for packing a particular item for service in a foreign area.

Area of Savings

It is in the domestic shipment field, however, that the large savings are apparent. Studies are now under way preparatory to incorporating findings in unified and co-ordinated specifications which will prescribe not only that material will be packaged similarly for all departments, but will, insofar as practical, follow methods commonly used by industry for each particular commodity. Training facilities are being established to insure that contractors taking work for the Government will be provided the special training necessary and thus become familiar with the requirements of Government packaging specifications.

It is also contemplated that Government inspectors will receive similar training. It is believed that these efforts will not only effect great savings through the reduction of expensive overpackaging, but will also insure that the expensive material procured by the Government will arrive at its destination in good shape and not be destroyed by inadequate or inefficient packaging.

Space does not permit a detailed outline of all the savings which can be achieved by the Defense Supply Management Agency Program. Nevertheless, it should be readily apparent that the large reduction of inventory, the great saving of personnel in the field of supply, the streamlining of paperwork, and the better utilization of warehousing can only result in great reduction of military expenditures.

Furthermore, the positive identification of each item of supply often results in the discovery that an item such as a

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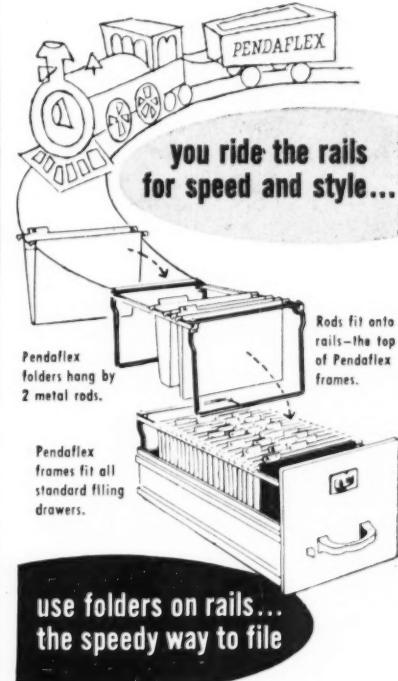
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spare part formerly considered to be highly specialized and procured at great expense is, actually, a common item.

These savings through research, which occur daily throughout the military departments, are not reflected in the figures of the over-all cataloging program. They fall under the category of a bureau or technical service putting its own storehouse in order while participating in the Defense Department effort.

Inconsistencies

Cataloging research within the lower elements of the services have disclosed some inconsistencies not only in service purchasing, but in numbering of parts by manufacturers. A piston, which is a "part peculiar," that is a part designed by a manufacturer for use exclusively on two of its refrigeration compressors, has 94 different part numbers assigned to it by that manufacturer. Cataloging research consolidated the 94 numbers to one which is now being used for purchase.

In another instance, a bearing liner assembly, used by a company on a particular reduction gear, was sold by that



GENDREAU PHOTOGRAPH

company for \$25 each when six were ordered in July 1944. Cataloging research disclosed that another company used the same bearing liner assembly on one of its reduction gear models. The second company sold two of these bearing liners in June 1944 for \$63 each. It was further determined that sixteen manufacturer's numbers applied to the same bearing liner assembly. The prime manufacturer was identified, adopted as the source of supply, and in February 1945, 300 of these bearing liners were purchased at \$9.06 each.

A common screw used in a certain company's purifiers was called by the manufacturer by two numbers and sold

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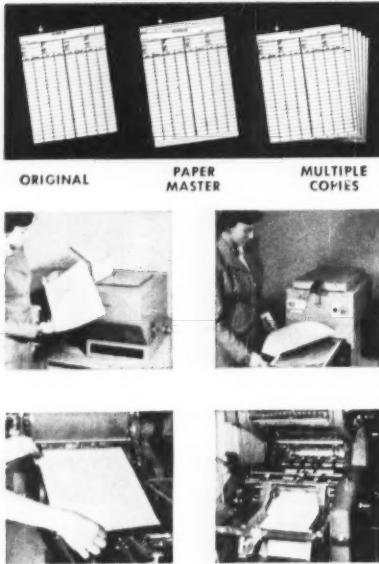
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It is easy to see that prior to cataloging costly confusion existed. The stocking of items, which were in fact identical, by manufacturer's numbers, could of itself cost excessively in multiple binning, additional storage space, extra personnel, involved stock control, and duplicative paper work. Before such stocks were consolidated through cataloging, it was possible that equipment be held idle waiting for a replacement part when, in fact, that identical part was readily available in stock, but in another bin. This situation cannot exist after thorough cataloging research, and the development and publication of adequate catalog data.

For the Common Good

Naturally, this reform is not going to be looked upon with favor in all segments of industry, but we firmly believe that in the over-all, inasmuch as all of us pay our taxes, the corrections will receive wide favor and support.

The benefits of this program will not accrue to Government and taxpayers alone. The standardization effort, for instance, goes beyond the standardization of items and concerns itself with procedures which interest industry as well. A current project on the standardization of drafting room practices will provide better understanding of symbols throughout the country which will pay direct dividends to manufacturers in time saved. This is but one example of the developments which industry may adopt from the program to its own benefit.

The key to acceptance of this program undoubtedly rests in the fact that industry will be able to do business with Government on a common basis and no longer be subjected to the expensive idiosyncrasies of individual technical services and bureaus of the military departments. The savings by industry reflected in the cost to Government through this development alone should guarantee the American taxpayer a much greater value received for every dollar expended in the interest of national defense.

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CANDLE

(Continued from page 24)

taxation committee to prepare a signed letter to company stockholders. Another persuaded a national organization of business officials to create and promote a plan of its own. Still another established a volunteer committee to work out a program for 1952. These are but a few tangible results indicating the possibilities.

Another team, operating independently as these units should, offered the message on page 24 to its associates.

Often members of a group ask each other questions, difficult and embarrassing questions, which must be answered, such as, "Am I not better off now than I was ten years ago?" In



The AUTHOR

Gen. Robert W. Johnson has served his country and his business in many capacities. From captain in the medical corps in 1926 he rose to the rank of Brigadier General in 1943. He was honorably discharged in that year to further his efforts in serving the nation.

Among his duties over the years are those of member of the Borough Council and Mayor of the community of Highland Park, N. J., President of the Middlesex General Hospital, New Jersey Rationing Administrator in the early war years, Vice-Chairman of the War Production Board, and Chairman of the Smaller War Plants Corporation.

In addition to these appointments he has risen through the management ranks to Chairman of the Board of Johnson & Johnson. He has sailed his own boats north to the Hudson Straits and south to Jamaica acquiring an intimate knowledge of the Eastern coast. His collection of cups won in races attest to his prowess as a navigator.

He has written several books and numerous magazine articles, in the field of management.

many cases the answer to that one is in the affirmative, but something must be added.

"Were it not for the excessive costs of Government, to which both parties have contributed, you would be far better off than you are now. It isn't that we have failed to make some progress; it is that we can make far greater progress in the future."

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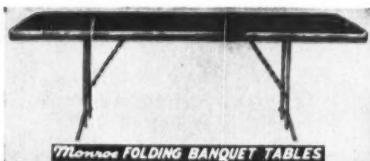


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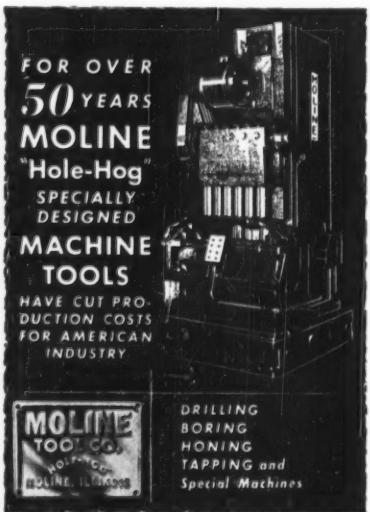
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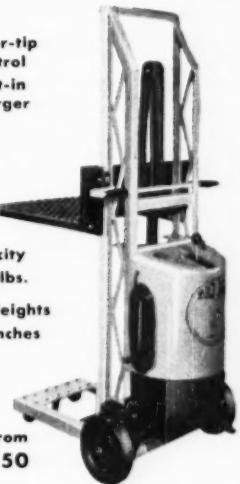
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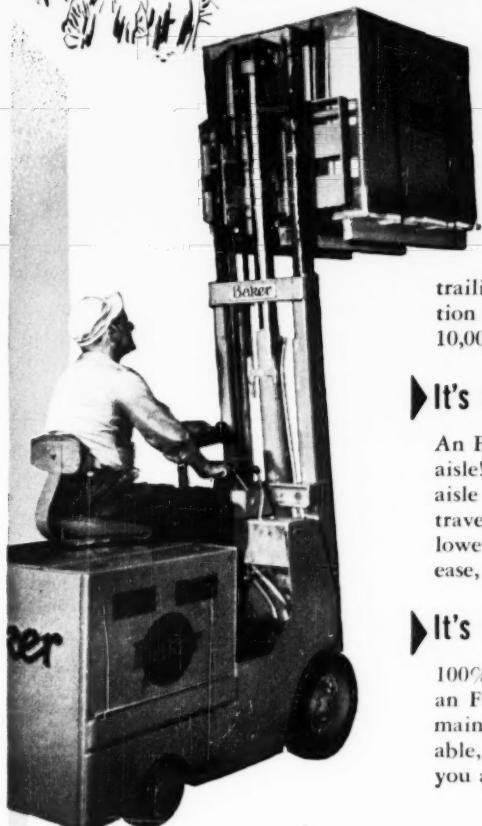
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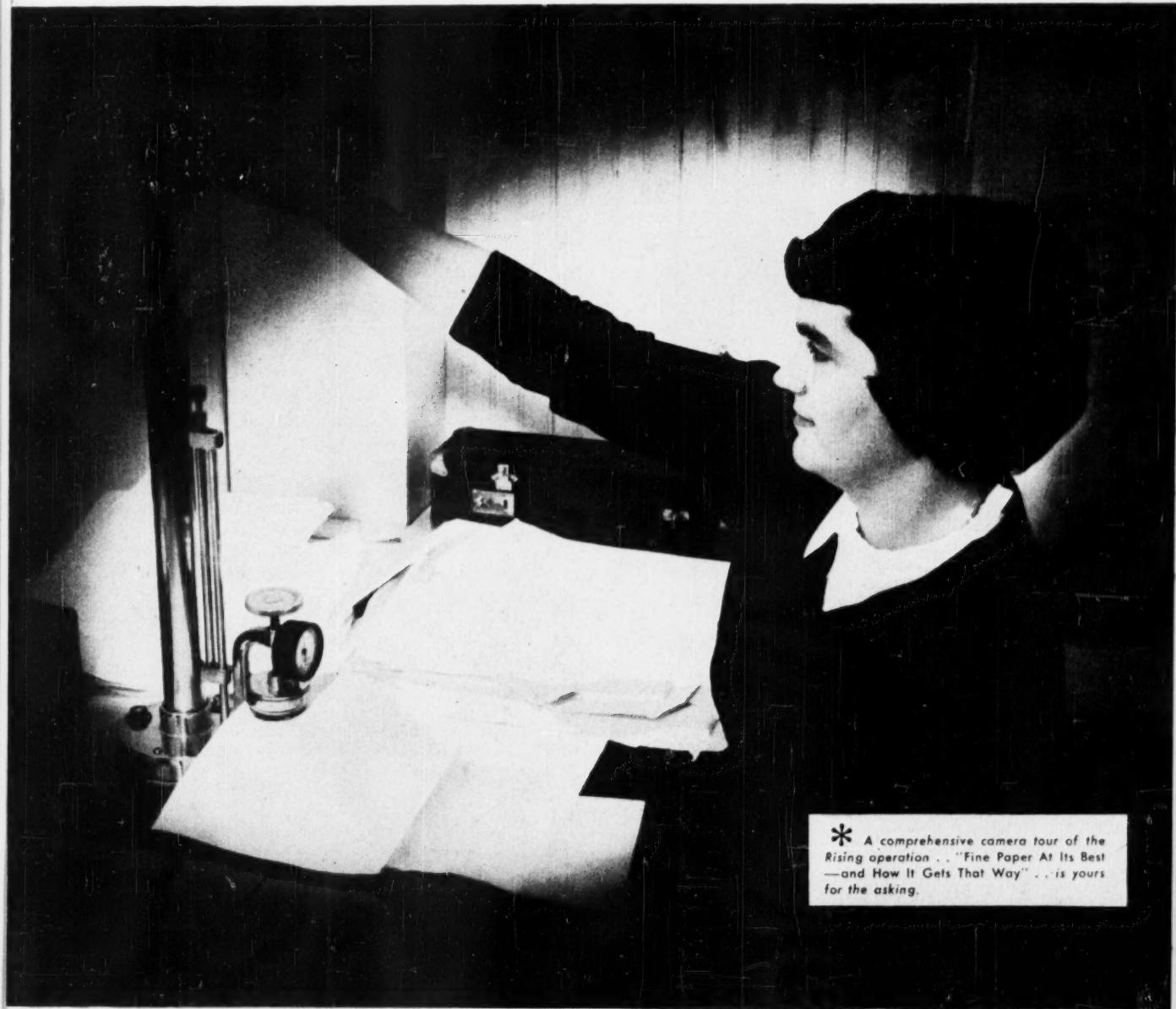
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